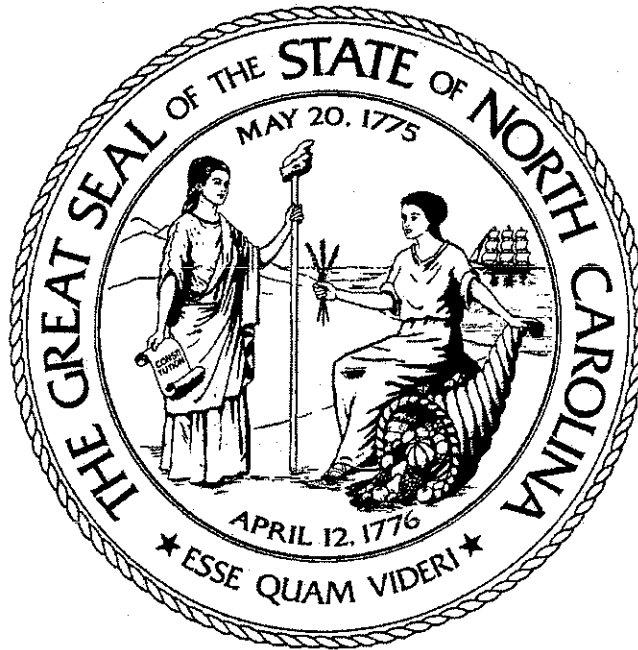


DOROTHEA DIX HOSPITAL PROPERTY STUDY COMMISSION



FINAL REPORT
SUBMITTED TO THE 2007 GENERAL ASSEMBLY (2007 REGULAR
SESSION), THE JOINT LEGISLATIVE COMMISSION ON
GOVERNMENTAL OPERATIONS, AND
THE SENATE AND HOUSE APPROPRIATIONS COMMITTEES

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DOROTHEA DIX HOSPITAL PROPERTY STUDY COMMISSION
State Legislative Building
Raleigh, North Carolina 27603

Senator Vernon Malone, Cochair

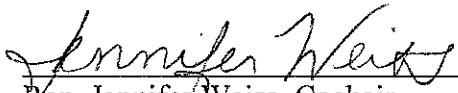
Representative Jennifer Weiss, Cochair

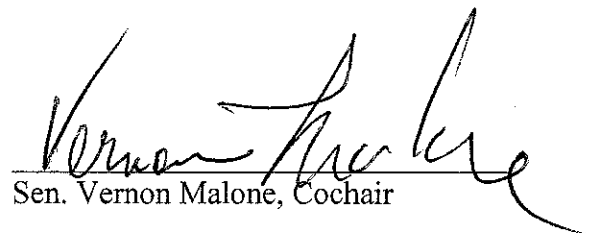
March 14, 2007

TO THE MEMBERS OF THE 2007 GENERAL ASSEMBLY (2007 Regular Session), the Joint Legislative Commission on Governmental Operations, and the Senate and House Appropriations Committees:

The Dorothea Dix Hospital Property Study Commission submits to you for your consideration its final report pursuant to S.L. 2003-314, Sec. 3.4. as amended by S.L. 2004-124, Sec. 10.26A.(b), S.L. 2005-7, and S.L. 2006-248, Sec. 52, as well as S.L. 2006-66, Sec. 23.10(d), and S.L. 2006-248, Sec. 21.

Respectfully Submitted,


Rep. Jennifer Weiss, Cochair


Sen. Vernon Malone, Cochair

2005-2006

DOROTHEA DIX HOSPITAL PROPERTY STUDY COMMISSION

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Kory Goldsmith, Research Division
Denise Huntley, Research Division

Commission Clerk

Bonnie McNeal

EXECUTIVE SUMMARY

The Dorothea Dix Hospital Property Study Commission (Commission) was established pursuant to S.L. 2003-314, Sec. 3.4.(a). The Commission was charged with studying the potential sale of the state-owned Dorothea Dix Campus in Raleigh, North Carolina to non-governmental entities. The Commission consists of eleven-members. Of these members, the Speaker of the House of Representatives appoints five, and the President Pro Tempore of the Senate appoints five. The Secretary of the Department of Health and Human Services serves as an ex-officio, non-voting member.

The Commission met five times during the legislative interim between the conclusion of the 2003 Regular Session of the 2003 General Assembly and the convening of the 2004 Regular Session of the 2003 General Assembly. It focused its attention on: (1) appropriate land-uses for the Dorothea Dix Campus, if the land were sold, and (2) allocation of proceeds generated from the disposition of the land. The Commission submitted an interim report to the Joint Legislative Commission on Governmental Operations. The report recommended the following:

1. The State and the City of Raleigh develop a new Master Plan for the Dorothea Dix Hospital Campus with the cost of the planning process shared between the State and the City.
2. All proceeds generated from any sale, lease, or other disposition of the Dorothea Dix Hospital property be deposited in the Trust Fund for Mental Health, Developmental Disabilities, and Substance Abuse Services and Bridge Funding Needs to be used to provide additional funding for non-recurring or capital expenditures for community-based projects.
3. The Dorothea Dix Hospital Property Study Commission continue its work in order to oversee, receive, examine, and make recommendations regarding the proposed Master Plan.

During the 2004 Session, the General Assembly appropriated \$100,000 for the 2004-2005 fiscal year to be used by the State Property Office to hire a consultant to

develop a Master Plan for the Dorothea Dix Hospital Property. See S.L. 2004-124, Sec. 10.26A.(c). The Master Plan was to be submitted to the Commission by April 1, 2005.

The cochairs of the Commission also appointed the Dorothea Dix Oversight Committee to oversee and monitor the development of the Master Plan. The Oversight Committee met five times between the adjournment of the 2004 Session of the 2003 General Assembly and the date of this report. Due to unexpected factors in the negotiation of the contract, the vendor (LandDesign) was not able to deliver the Master Plan by the original April 1, 2005 date. In response to this situation, the General Assembly extended the reporting date to September 1, 2005. (S.L. 2005-7). The 2005 Budget also contained provisions prohibiting the sale, transfer, lease or reallocation of the Dorothea Dix Hospital Campus without the authorization of the General Assembly. (S.L. 2005-276, Section 6.25). This provision expires September 1, 2007.

LandDesign delivered the Master Plan to the Office of State Property within the amended deadline. The Commission met on April 25, 2006 and April 26, 2006 to receive the Master Plan and also hear alternative proposals for the use of the Dorothea Dix Hospital Property. The Commission recommended that the Dorothea Dix Hospital Property Study Commission gather additional information regarding the fair market value of the Dorothea Dix Hospital Campus, and the cost and process for the successful development and operation of a modern urban park.

During the 2006 Session, the General Assembly allocated \$60,000 of the funds appropriated to the General Assembly for the Commission to contract for land use consultant services to review, analyze, and make recommendations regarding the following in relation to the Dorothea Dix Hospital Property:

1. Funding options for compatible uses of open space, the adaptive re-use of existing facilities, and continued support for mental health services;
2. The financial feasibility of the uses under subdivision (1) of this subsection;

3. An assessment of financial mechanisms for the implementation and maintenance of the uses under subdivision (1) of this subsection; and
4. Administrative or governance structures to implement the uses under subdivision (1) of this subsection.

The consultant was required to submit its work product to the Commission no later than November 1, 2006, and the Commission is to review the plan and make recommendations upon the convening of the 2007 Regular Session of the 2007 General Assembly. S.L. 2006-66, Sec. 23.10.(d).

In addition, the 2006 Studies Bill directed the Commission to study and make recommendations regarding the following:

1. Balancing complementary public uses of open space, the adaptive re-use of existing facilities, and continued support for mental health services.
2. The financial feasibility of the various uses.
3. An assessment of financial mechanisms for the implementation and maintenance of the various uses.
4. Administrative or governance structures to implement the uses.

The Commission is to report its findings and recommendations to the 2007 General Assembly, by January 31, 2007. (S.L. 2006-246, Sec. 21). That same legislation also increased the number of members of the Commission from nine to eleven. (S.L. 2006-248, Sec. 52).

Upon the adjournment of the 2006 Regular Session of the 2005 General Assembly the cochaIRS and Representative Deborah Ross investigated possible contractors to provide the services outlined in the S.L. 2006-66, Sec. 23.10.(d). At a meeting of the Commission on September 7, 2006, the cochaIRS sought and received authorization from the Commission to contract with the Urban Land Institute (ULI) to provide a three-day advisory services panel to provide the required information. Based upon this authorization, and upon receiving approval from the Legislative Services Commission, the cochaIRS on behalf of the Commission entered into a contract with ULI for a three-day

advisory services panel to take place from October 24 – 27, 2006. Commission staff drafted a proposed scope of work and met individually with Commission members to review the draft and make revisions. (See Appendix B) Commission staff also prepared a Briefing Book which was submitted to the members of the ULI Advisory Services Panel. (See Appendix C) Staff also provided additional information to the Panel that was located at the Panel's hotel work area. This additional information included maps, complete copies of past proposals and all submissions by members of the public.

The members of the ULI Advisory Services Panel arrived in Raleigh, North Carolina on October 24, 2006. (See Appendix D for Panel membership.) That evening, the Commission held a public reception in the Rotunda of the Legislative Building to introduce the members of the Panel and allow interested members of the public to speak to the Panel members individually. The following morning (October 25, 2006), Commission staff accompanied the Panel on a guided bus tour of the Dix Campus Property, surrounding neighborhoods, the Farmer's Market and Centennial Campus. In the afternoon, the Panel held a series of five round table discussions with representatives from the following interest areas: Parks, Open Space, and Botanical Garden; Historic Preservation and Business; Mental Health; State, City and County; Local and Neighborhood Groups. The Panel spent October 26, 2006, developing a proposal based upon the scope of work and the information gathered.

On October 27, 2006, the Commission held an open meeting in Room 643 of the Legislative Office Building to receive the Panel's proposal. The proposal was delivered by the Panel in the form of a PowerPoint presentation accompanied by a detailed narrative. (See Appendix E) Subsequently, ULI provided the Commission with a written report (See Appendix F).

The Commission held its final meeting on January 22, 2007, at which time it adopted the Final Report.

COMMISSION PROCEEDINGS

The Dorothea Dix Hospital Property Study Commission (Commission) met four times between the adjournment of the 2006 Session of the 2005 General Assembly and the convening of the 2007 General Assembly. The following is a brief summary of the proceedings.

Dorothea Dix Hospital Property Study Commission Proceedings

September 7, 2006

The Dorothea Dix Hospital Property Study Commission (Commission) met on Thursday, September 7, 2006, in Room 1027 of the North Carolina Legislative Building. Representative Jennifer Weiss, cochair, presided.

Kory Goldsmith, Commission Counsel, gave a brief history of the origins of the Commission, its work to date, and legislation adopted during the 2006 Session related to the Commission and its work.

Representative Deborah Ross was then recognized to give background on a provision in the 2006 Continuation Budget (S.L. 2006-66, Sec. 23.10.(d)) that authorized the Commission to enter into a contract for land use consultant services. Representative Ross went on to explain that in her research, she discovered the Urban Land Institute (ULI) and learned that it is recognized world-wide as an organization with enormous expertise in the types of land use issues that the Commission faces with the Dorothea Dix Hospital Property. She also learned that there is a local chapter of ULI in the Triangle area, and that she contacted members of that group to determine whether ULI might be able to assist the Commission with its work.

Representative Weiss then recognized Trish Healy, a Trustee for the Urban Land Institute. Ms. Healy provided the Commission with an overview of ULI, which is a non-profit organization with an office in Washington, D.C. and has a world-wide membership of over 40,000 individuals. Ms. Healy explained the types of services ULI provides and listed a number of locations that have recently used the Advisory Services Program

included Ground Zero in New York City and post-Katrina New Orleans. Commission members asked a number of questions. Representative Ross then made a motion to authorize the cochairs to negotiate and enter into a contract with ULI. The motion passed.

The Commission went on to discuss the scope of work and reached consensus regarding the following general positions:

- 1.. Look at ways to maximize open space and have an active park.
 - o Capital needs
 - o Maintenance
 - o Partnerships
 - o Funding streams
2. Address the restoration/reuse of existing buildings.
 - o Economic avenues
 - o Permissible reuses
 - o Tax credits
3. Address State mental health needs.
 - o Revenue stream
 - o One-time money
 - o Space on the campus
4. Address State property needs.
 - o Current employees located on property
 - o Best economic models
5. Make the plan comprehensive and integrated.
6. Minimize the requirement for the expenditure of significant additional State funds.
7. View Dix Campus as a mechanism for connecting downtown Raleigh and the Centennial Campus.

Commission members also requested that they be able to provide input on the development of the scope of work submitted to ULI. The members also requested that the cochairs seek input from interested stakeholder.

October 24, 2006

The Dix Property Study Commission held its second meeting in the form of a reception from 5:30 p.m. until 7:00 p.m. in the Rotunda on the third floor of the

Legislative Building. The reception was open to the public and for the purpose of introducing the members of the ULI Advisory Services Panel. Senator Malone called the meeting to order. Rep. Weiss thanked the public for attending. Trish Healy made some opening remarks and introduced Leigh Ferguson, the chair of the Advisory Panel. Mr. Ferguson then introduced the remaining members of the panel: Dennis Carmichael, William G. Lashbrook, III, Logan McClintic-Smith, Thomas Murphy, Ralph L. Nunez, RLA, ASLA, and Thomas W. Eitler (ULI Project Staff).

October 27, 2006

The Dix Study Commission held its third meeting in Room 643 of the Legislative Office Building from 9:30 a.m. to 11:00 a.m. Senator Vernon Malone called the meeting to order then turned the meeting over to the ULI Advisory Panel. The Panel then presented the culmination of its work in the form of an oral presentation accompanied by a PowerPoint presentation. When the presentation was finished, Commission members were recognized to ask questions. The Panel then opened the floor to the public for questions. The meeting then adjourned.

January 22, 2007

The Commission held its fourth meeting in Room 1027 of the Legislative Building. At that time, the Commission reviewed and adopted this Final Report including the Recommendations on the next page. The Commission also authorized the cochairs to do the following:

- (1) Develop and introduce legislation that is consistent with the principles agreed upon by this Commission and articulated in the document entitled "Recommendations to the 2007 General Assembly"; and
- (2) Carry the legislation through both chambers, including attempting to negotiate compromises that are consistent with the Recommendations adopted by this Commission.

Recommendation to the 2007 General Assembly

It is the long standing position of the Dorothea Dix Hospital Property Study Commission that the Dorothea Dix Campus should remain an asset of the State's public mental health system and any future uses must continue to help provide for those needs either through revenue streams, one-time money, and/or campus facilities. Any proceeds to the State from revenue streams or one-time money will be deposited in the State's Mental Health Trust Fund with the sole purpose of providing additional funding for non-recurring capital expenditures for community-based mental health projects and for non-recurring operating funds for community-based mental health services.

The Dorothea Dix Hospital Property Study Commission has also determined that all of the following parameters should serve as the foundation for any plan for the future of the Dorothea Dix Campus by the General Assembly. Therefore, Dorothea Dix Hospital Property Study Commission recommends that the Chairpersons of the Dorothea Dix Hospital Property Study Commission work with the General Assembly to develop legislation that is consistent with the following parameters.

- Address potential revenue streams and one-time money that would provide significant funding to the State from the redevelopment of the Dorothea Dix Campus that can be deposited with the Mental Health Trust Fund with the sole purpose of providing additional funding for non-recurring capital expenditures for community-based mental health projects and for non-recurring operating funds for community-based mental health services.
- Address the most effective and productive methods for providing office space for State employees currently located on the property and the potential consolidation of area DHHS employees on the Dorothea Dix Campus.
- Address the restoration, reuse, and historic preservation of existing buildings by exploring appropriate and permissible reuses as well as funding mechanisms and financial incentives (such as tax credits) to accomplish that end.
- Consider ways to maximize open space and the development of active and/or passive park uses including determining needed capital improvements, estimating operations and maintenance costs, forging public/private partnerships, and identifying funding streams.
- Maintain the Dorothea Dix Campus as a comprehensive and integrated unit.
- Consider State office, active and passive recreation, commercial, residential, or other public uses that are complimentary and enhance the Dorothea Dix Campus as a destination.
- View Dorothea Dix Campus as a mechanism for connecting downtown Raleigh, neighboring residential and commercial districts, the Raleigh Parks and Greenway System, the Farmers Market, and NC State University's Centennial Campus.
- Minimize the requirement for significant additional State funds to accomplish the desired outcomes.

- Advise on all oversight, administrative, and financial aspects needed to implement the plan and manage future uses.
- Assume a long-range view for planning and implementation.

APPENDIX A

AUTHORIZING LEGISLATION

S.L. 2003-314, Sec. 3.4.(a) as amended by S.L. 2004-124, Sec. 10.26A.(c), S.L. 2005-7, S.L. 2006-248, Sec. 52; S.L. 2006-66, Sec. 23.10.(d); S.L. 2006-248, Sec. 21.

S.L. 2003-314, Sec. 3.4., as amended by S.L. 2004-124, Sec. 10.26A.(c), S.L. 2005-7, and S.L. 2006-248, Sec. 52

SECTION 3.4.(a) Dorothea Dix Hospital Property Study Commission. – If any of the State-owned real property encompassing the Dorothea Dix Hospital campus is no longer needed by Dorothea Dix Hospital and is not transferred to another State agency or agencies before the sale of any or all of the property to a nongovernmental entity, options for this sale shall be considered by the Dorothea Dix Hospital Property Study Commission. The Commission shall make recommendations on the options for sale of the property to the Joint Legislative Commission on Governmental Operations, the 2005 General Assembly, and the Appropriations Committees of the Senate and the House of Representatives before any sale of any or all parts of the property. The Commission shall terminate upon submission of its final report.

SECTION 3.4.(a1) The State Property Office, in consultation with the City of Raleigh, shall develop a Master Plan for the Dorothea Dix Campus. The State Property Office shall hire a consultant to assist with the development of the Master Plan. The State Property Office shall examine, among other things, operations for land conservation, mixed use development, and anticipated State office space needs. The Master Plan shall reflect both State needs and local considerations. The State Property Office shall submit the Master Plan to the Dorothea Dix Property Study Commission no later than September 1, 2005. The Commission shall review the Master Plan and shall make recommendations to the 2006 Session of the 2005 General Assembly.

In order to enhance communication and feedback regarding the planning process, an oversight committee shall be established to oversee the development of the Master Plan. The oversight committee shall consist of five members: three shall be appointed by the Cochair of the Dorothea Dix Property Study Commission; one shall be appointed by the Raleigh City Council; and one shall be appointed by the Wake County Board of Commissioners. The oversight committee shall terminate upon the submission of the Master Plan to the Dorothea Dix Property Study Commission."

SECTION 3.4.(b) Creation and Membership. – The Dorothea Dix Hospital Property Study Commission is created. The Commission shall consist of 11 members, five appointed by the President Pro Tempore of the Senate and five appointed by the Speaker of the House of Representatives. The Secretary of Health and Human Services shall serve as an ex officio member of the Commission.

S.L. 2006-66, Sec. 23.10.(d)

SECTION 23.10.(d) Of the funds appropriated in this act to the General Assembly, Legislative Services Commission, the sum of sixty thousand dollars (\$60,000) shall be allocated to the Dorothea Dix Hospital Property Study Commission to be used to contract for land use consultant services to review, analyze, and make recommendations regarding the following in relation to the Dorothea Dix Hospital Property:

- (1) Funding options for compatible uses of open space, the adaptive re-use of existing facilities, and continued support for mental health services;

- (2) The financial feasibility of the uses under subdivision (1) of this subsection;
- (3) An assessment of financial mechanisms for the implementation and maintenance of the uses under subdivision (1) of this subsection; and
- (4) Administrative or governance structures to implement the uses under subdivision (1) of this subsection.

The consultant shall submit its work product to the Dorothea Dix Hospital Property Study Commission no later than November 1, 2006. The Commission shall review the plan and make recommendations upon the convening of the 2007 Regular Session of the 2007 General Assembly.

S.L. 2006-248, Sec. 21

PART XXI. STATE FACILITIES MASTER PLAN/DIX COMPLEMENTARY USES

SECTION 21. The Dorothea Dix Hospital Property Study Commission shall study and make recommendations regarding the following:

- (1) Balancing complementary public uses of open space, the adaptive re-use of existing facilities, and continued support for mental health services.
- (2) The financial feasibility of the various uses.
- (3) An assessment of financial mechanisms for the implementation and maintenance of the various uses.
- (4) Administrative or governance structures to implement the uses.

The Commission shall report its findings and recommendations to the 2007 General Assembly by January 31, 2007.

APPENDIX B

Scope of Work for Urban Land Institute

Context

After serving the State for over 150 years, Dorothea Dix Psychiatric Hospital (Dix Hospital) is scheduled to close early in the year 2008. The hospital sits on approximately 310 acres of largely undeveloped land (Dix Campus) near downtown Raleigh, the State's capital. In addition to the hospital, the State's Department of Health and Human Services (DHHS) relies on the Dix campus as its headquarters for operations. Despite other DHHS operations on the campus, Dix Hospital is the most intense use on the campus and its closure will significantly change the purpose of the land.

Dorothea Dix Hospital Property Study Commission

Legislation to finance the construction of the psychiatric hospital to replace Dix included a provision creating the Dorothea Dix Hospital Property Study Commission (Commission). The provision states that *if* any of the Dix Hospital campus is no longer needed as a hospital and is not transferred to another State agency or agencies, *then* before the sale of any or all of the property to a nongovernmental entity, options for this sale shall be considered by the Commission. In its work, the Commission has received the following proposals:

1. LandDesign – Alternative proposals for varying degrees of mixed use, retail, residential, health sciences, and open space ("City in the Park" and "Central Park").
2. City of Raleigh – Proposal for residential, recreation, learning, retail, mental health, and open space ("The Garden of Lights").
3. Friends of Dix – Use all acreage as a public park.
4. Wake County Botanic Garden – Use all acreage for a botanic garden.
5. NC National Alliance on Mental Illness – All proceeds from any disposition to be transferred to a new, independent, statewide entity for the purpose of creating an endowment for funding community mental health grants to support services for the severely mentally ill.
6. Consortium of conservation, park and historic preservation organizations – Development of a public park on the existing open spaces, preservation of existing buildings that contribute to the designation of the National Register historic district status, office space for DHHS, provision of mental health services, generate revenue for Mental Health Trust Fund.

State Needs

The State has long planned for the consolidation of all Raleigh-based DHHS employees on the Dix Campus. The Department currently has roughly 1,200 non-hospital employees on the campus, and another 1,500 employees in leased office space in the Raleigh area. DHHS is still pursuing the plan to consolidate employees on to the campus after the hospital closes.

While the Dix Campus is State-owned property *allocated* to DHHS, the Dix Hospital and campus have long been seen as an asset of the State's mental health system. The Dorothea Dix Hospital Property Study Commission (Dix Commission), as a matter of policy, has recommended that State revenues generated from any disposition of the Dix Campus should be used to support the mental health system.

The Dix Campus is also contiguous or situated near several parcels used by other State agencies. These include the Centennial Campus of North Carolina State University (NCSU), the Farmer's Market managed by the Department of Agriculture and Consumer Services (DA&CS), Central Prison operated by the Department of Correction (DOC), and the Governor Morehead School for the Blind operated by the DHHS. After the closure of the hospital, land use decisions on the campus will have an impact on and be affected by State operations in the area.

Preservation and Adaptive Reuse of Open Space and Existing Facilities

The Dix Campus was originally conceived as a naturalistic setting for patients' health. The campus' original purpose contributes to its unique character of substantial open space, mature trees, and varied topography. Not surprisingly, every land use plan that has been submitted to the Dix Commission includes substantial public park and open space components.

There are 68 buildings on the Dix Campus built between 1850 and 1985. The hospital district of the campus is on the National Register of Historic Places, both for the significance of various buildings and for the hospital grounds. At the present time, the entire campus may qualify for designation on the National Register.

In addition to substantial State operations around the Dix Campus, the area of Raleigh surrounding the Dix Campus may experience significant growth and redevelopment in the future. Some demographers project that the population of Raleigh will double by the year 2025¹. There are perceived competing demands for the future use of the campus including: State office space, historic preservation, open space, park lands, commercial and residential development, and local government facilities.

Administrative or Governance Structures for the Dix Campus

The Dix Campus is an intact campus, much like a small college campus or military installation. Each plan or proposal under consideration by the Dix Commission implies that the Dix property remain an integrated campus, regardless of the ownership arrangement of the land and buildings. Most of the plans or proposals do not identify an entity or entities that would be responsible for plan implementation and management of land uses.

Parameters for the Study

It is the long standing position of the Dix Commission that the Dix Campus should remain an asset of the State's public mental health system and any future uses must continue to help provide for those needs either through revenue streams, one-time money, and/or campus facilities. Any proceeds to the State from revenue streams or one-time money will be deposited in the State's Mental Health Trust Fund and with the sole purpose of providing additional funding for non-recurring capital expenditures for community-based mental health projects. This policy must inform any recommendations made by the Urban Land Institute.

¹ Raleigh's 2005 population is estimated to be about 340,000.

The Dix Commission has also determined that all of the following parameters shall serve as the foundation for any recommendations provided by the Urban Land Institute (ULI). Therefore, the plan must provide practical and viable guidance on all of the following:

- Address potential revenue streams and one-time money to the State from the redevelopment of the Dix Campus that can be deposited with the Mental Health Trust Fund, as well as, future services that might be delivered on the Campus.
- Address the most effective and productive methods for providing office space for State employees currently located on the property and the potential consolidation of area DHHS employees on the Dix Campus.
- Address the restoration, reuse, and historic preservation of existing buildings by exploring appropriate and permissible reuses as well as funding mechanisms and financial incentives (such as tax credits) to accomplish that end.
- Consider ways to maximize open space and the development of active and/or passive park uses including determining needed capital improvements, estimating operations and maintenance costs, forging public/private partnerships, and identifying funding streams.
- Maintain the Dix Campus as a comprehensive and integrated unit.
- Propose State office, active and passive recreation, commercial, residential, or other public uses that are complimentary and enhance the Dix Campus as a destination.
- View Dix Campus as a mechanism for connecting downtown Raleigh, neighboring residential and commercial districts, the Raleigh Parks and Greenway System, the Farmers Market, and the Centennial Campus.
- Minimize the requirement for significant additional State funds to accomplish the desired outcomes.
- Advise on all oversight, administrative, and financial aspects needed to implement the plan and manage future uses.
- Assume a long-range view for planning and implementation.

Critical Questions

The Dix Commission requests that in considering the above parameters, ULI, to the greatest degree possible, consider integrating the answers to the following questions in its specific recommendations.

State Needs

1. What examples should the State consider in order to rehabilitate and reuse existing buildings in a creative, attractive, financially responsible, and efficient manner for providing office space for DHHS?
 - a. Assuming consolidation of DHHS on the Dix Campus, estimate how much space DHHS needs.
 - b. How should the State finance the rehabilitation of buildings for future use by the State?
 - c. Consider the implications of consolidating all DHHS employees on the Dix Campus.
 - d. Consider the implications of continued use of the campus for State office space needs.

2. Examine future uses of the Dix Campus and their ability to best support mental health services.
 - a. On-going revenue streams?
 - b. One-time funds?
 - c. On-site services?
 - d. Dedication of funds for specific purposes?
3. Can future uses of Dix Campus complement and be integrated with other near-by State operations? How?
4. What is the process for considering neighboring property land use plans in conjunction with developing a Dix Campus plan?
5. How could a future mixed use, open space or active park development of the Dix Campus best be tied to similar plans for the Centennial Campus?
6. How can the experience and expertise of the four contiguous State agencies (DHHS, NCSU, DA&CS, DOC) best be utilized in the planning and development process?

Preservation and Adaptive Reuse Questions

1. What components are necessary for a successful urban park in this location?
 - a. Size, configuration, specific purposes (such as a botanical garden)?
 - b. Surrounding uses?
 - c. Governance?
 - d. Funding?
 - e. Attracting private support?
 - f. Residential density?
2. What are the costs associated with operating a park?
 - a. Initial capital facilities and infrastructure?
 - b. Subsequent operating?
3. What are the costs that should be considered in association with converting the entire 310-acre campus into a park, including fixed and operating costs?
4. What would be the implications of a large park to surrounding areas (such as Centennial Campus, downtown Raleigh, residential neighborhoods) and to the State?
5. What creative, attractive, and appropriate long-term adaptive reuses of existing buildings can the private development market support?
 - a. Do the structural systems and architecture of existing buildings lend themselves to a particular type of adaptive reuse?
 - b. What utility infrastructure is needed to support buildings proposed for private rehabilitation and reuse?
 - c. To what extent might existing hazardous materials and their disposition limit development alternatives?
 - d. What would be the cost of rebuilding the old Main Building?
 - e. What would be the cost of connecting the two surviving wings of the hospital with a building that mirrors the original A.J. Davis-designed central pavilion?
 - f. How might the roughly 25 homes on the Dix Campus be renovated for residential uses?
6. What funding mechanisms and financial incentives are available and viable for the adaptive reuse of existing buildings on the campus?

7. Which options require modifications in ownership or control of the property?
8. Might the redevelopment of the campus for public and private uses be implemented in phases? How?
9. What would be the implications of having the entire Dix campus included in the National Register of Historic Places?
10. What are the implications to the State of pursuing various ownership and management arrangements for the buildings and land?
 - a. Fee simple conveyance?
 - b. Long term lease of land and buildings?
 - c. Ground lease?
 - d. How do the market values of commercial and residential uses compare based upon these types of conveyance options?
11. What would be the implications of non-State entities having an ownership interest in some or all of the campus?
12. Provide a summary of comparable adaptive reuse/preservation projects elsewhere in the country.
13. Could access to the site be enhanced and if so, ideas on how it would be financed?
 - a. Vehicle access and traffic flow?
 - b. Parking demand for State operations, a park, and other activities?
 - c. Public transportation?
 - d. Pedestrian foot and bicycle traffic?

Administrative or Governance Structures Questions

1. What are the options for a governance structure for managing an integrated campus?
 - a. Should a single entity oversee the entire campus?
 - b. What are the implications of creating separate entities to oversee differing uses?
 - c. What guiding principles should inform any governing entity's decisions?
2. How should the entity be composed?
3. What powers should a governing entity have?
 - a. The power to issue debt?
 - b. The power to convey property?
 - c. Oversight?
 - d. Raise funds from private sources?
 - e. Manage short-term leases?
 - f. Other powers?
4. What other partnerships (with State and local entities, both public and private) could be pursued?

APPENDIX C

Briefing Book

(A complete hard copy is filed with the official version of this report and located in the Legislative Library.)

APPENDIX D

ULI Panel Membership

Chair

Leigh M. Ferguson

EVP, Director of Urban Living
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(205) 802-2111 FAX
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William G. Lashbrook, III

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ralfnunez@aol.com

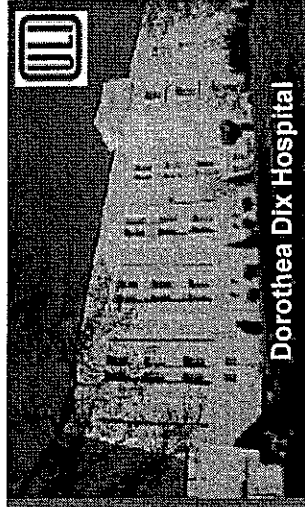
ULI Project Staff

Thomas W. Eitler

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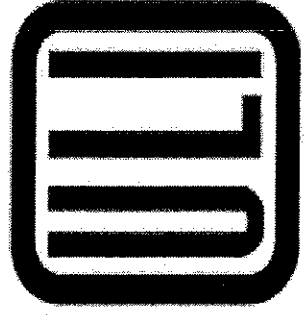
APPENDIX E

Urban Land Institute Three Day Panel
October 27th Presentation



Dorothea Dix Hospital Raleigh, NC

**ULI Advisory Services Panel
October 24-27, 2006**



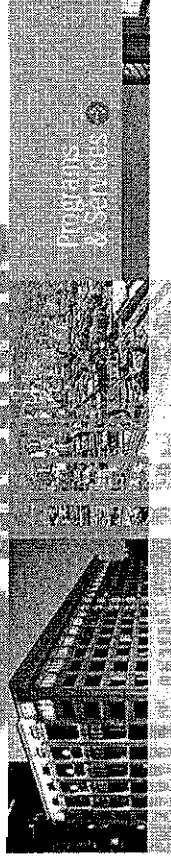
The Urban Land Institute

- ULI—the Urban Land Institute is a nonprofit research and education organization
- The mission of the Urban Land Institute is to provide leadership in the responsible use of land and in creating and sustaining thriving communities worldwide.



Dorothea Dix Hospital

Urban Land
Institute



Acknowledgments

- **Sen. Vernon Malone**
- **Rep. Jennifer Weiss**
- **Sen. Janet Cowell**
- **Rep. Deborah Ross**
- **Ms. Barbara Goodman**
- **Rep. Verla Insko**
- **Rep. Rick Eddins**
- **Mayor Charles Meeker**
- **Mr. Joseph Huberman**



Dorothea Dix Hospital

Acknowledgments

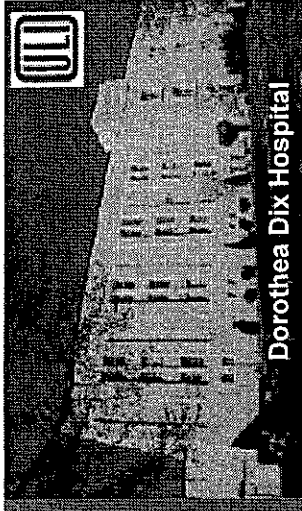
- Jim Klingler
- Kory Goldsmith
- Denise Huntley
- Bonnie McNeil
- Trish Healy
- Also, the more than 40 people who provided their input during the stakeholder interviews



Dorothea Dix Hospital

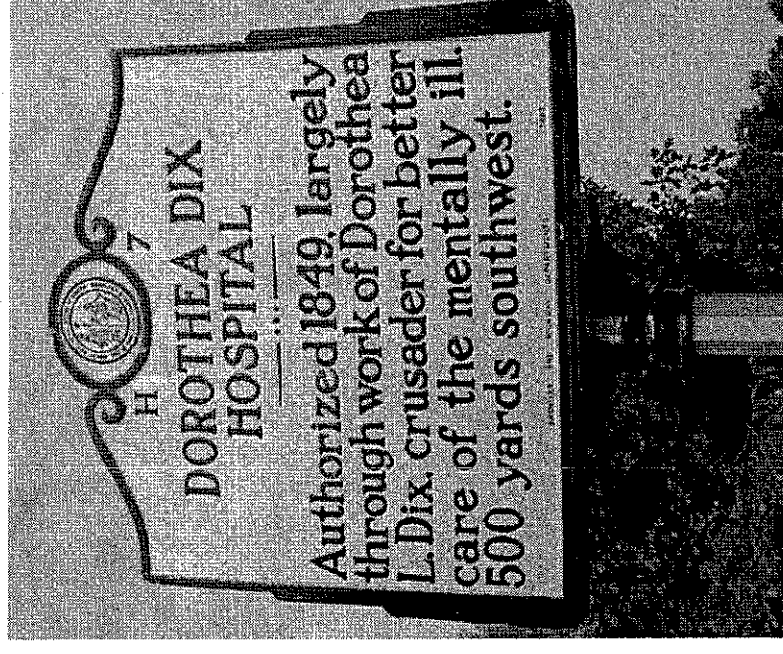
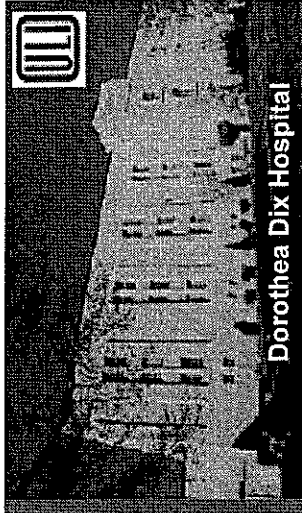
The Panel

- Leigh Ferguson, Chair
- Ralph Nunez
- Bill Lashbrook
- Dennis Carmichael
- Logan McClintic-Smith
- Tom Murphy

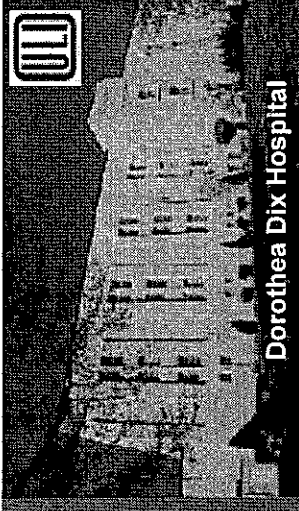


Today's Agenda

- History and Context
- Planning and Design
- Implementation
- Finance
- Questions and Answers



Why



Three day assignment, the process normally

includes:

- Preparation of a briefing book by the sponsor
- 3 to 4 ULI member/experts
- Onsite tour and briefing by sponsor
- 3 roundtable sessions with 3-5 participants at each session
- One day work session by panelists
- Presentation, sometimes in private, followed by a written report

Unusual Features of this Panel Assignment



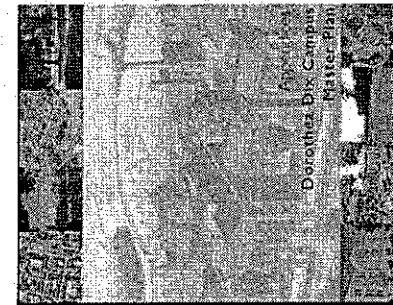
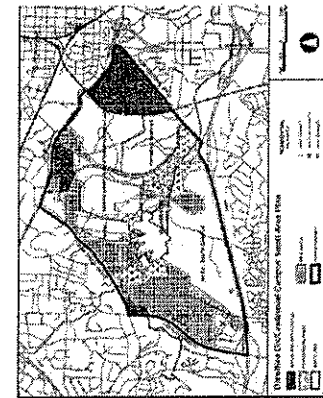
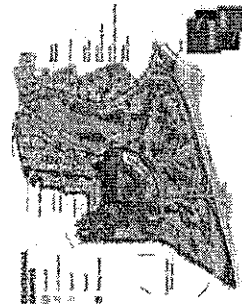
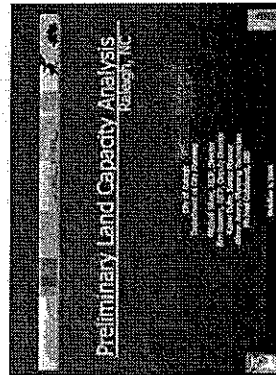
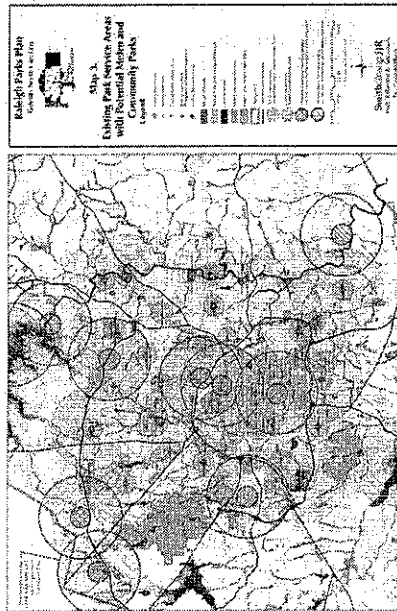
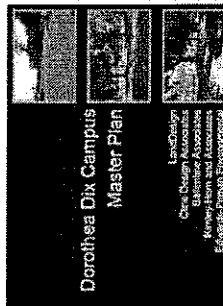
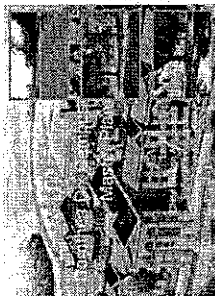
Dorothea Dix Hospital

This assignment, at the request of the sponsor, provided for significantly more public participation as noted:

- Larger Group of Panelists (6 vs 3-4)
- Public Reception
- More Round Table Topics (5 vs 3)
- More Round Table Participants (8-9 vs 3-5)
- Invitation for Broader Public Input
- Advertised Public Events
- Open presentation with public comment opportunity

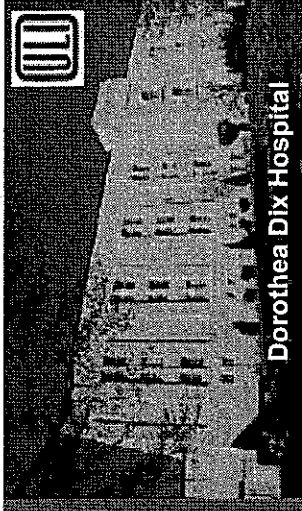
Dorothea Dix Hospital

- A substantial amount of planning work has been done on this property



Major Issues

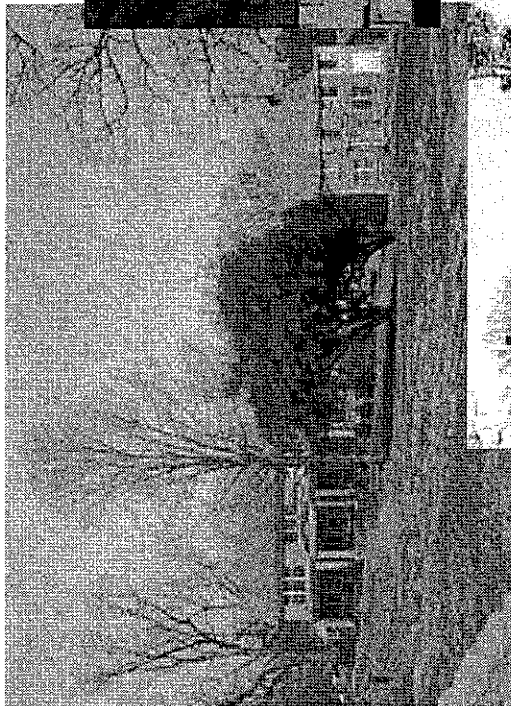
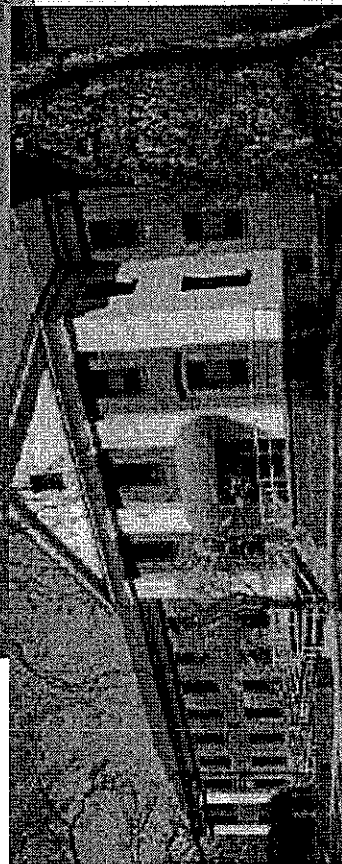
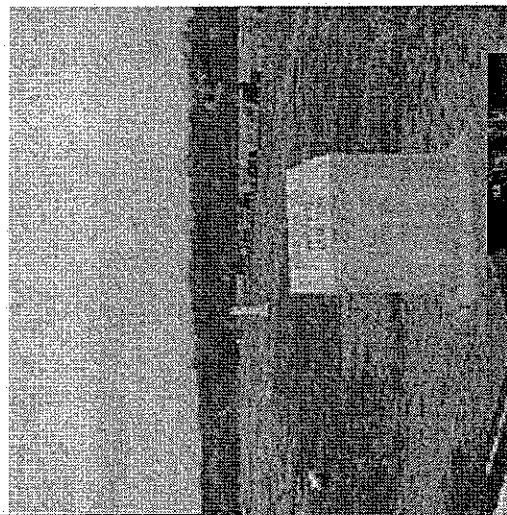
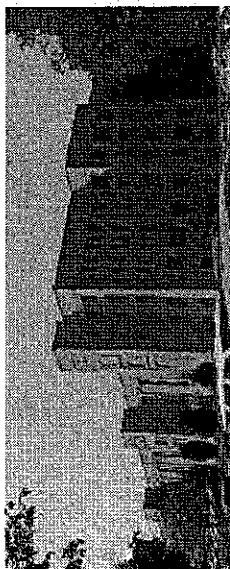
- Parks
- Mental Health Community
- Business Community
- Historic Preservation Community
- Municipal and Educational Institutions
- Neighborhoods
- Government



History and Context

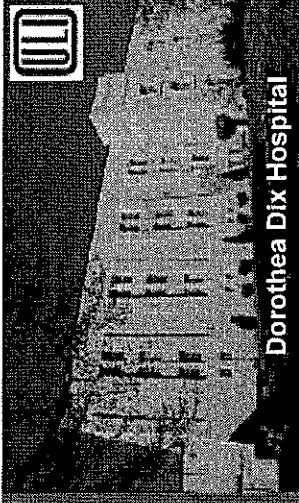
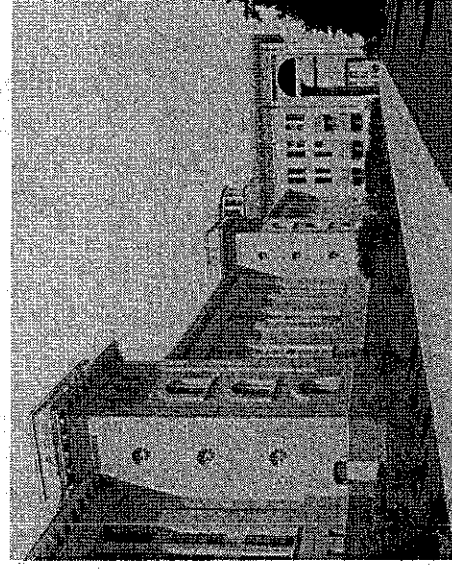
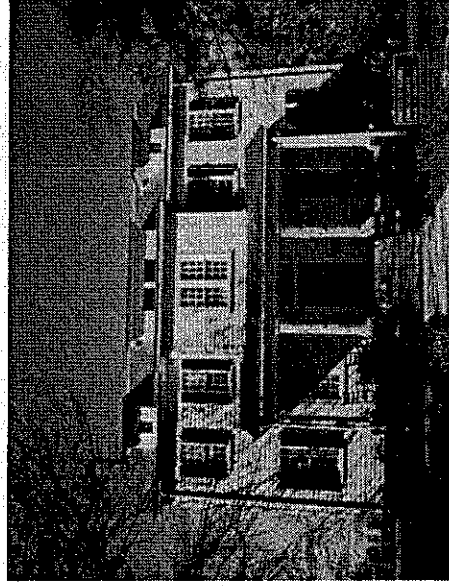
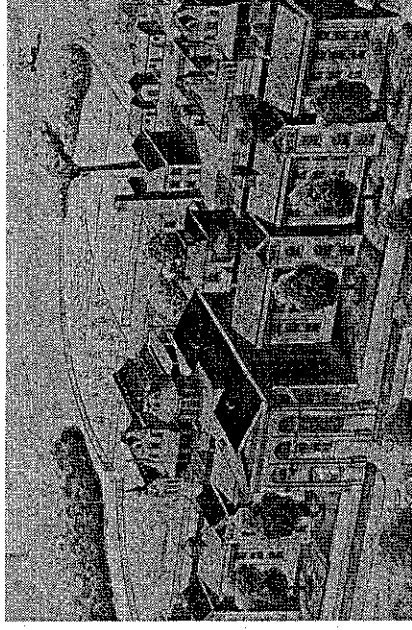


Dorothea Dix Hospital



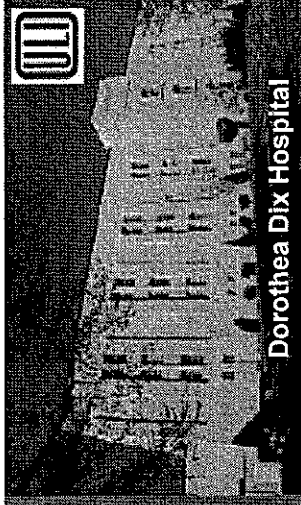
History

- Dorothea L. Dix, social activist
- Place History
- Historic Building Inventory
- Alexander Jackson Davis, prominent architect

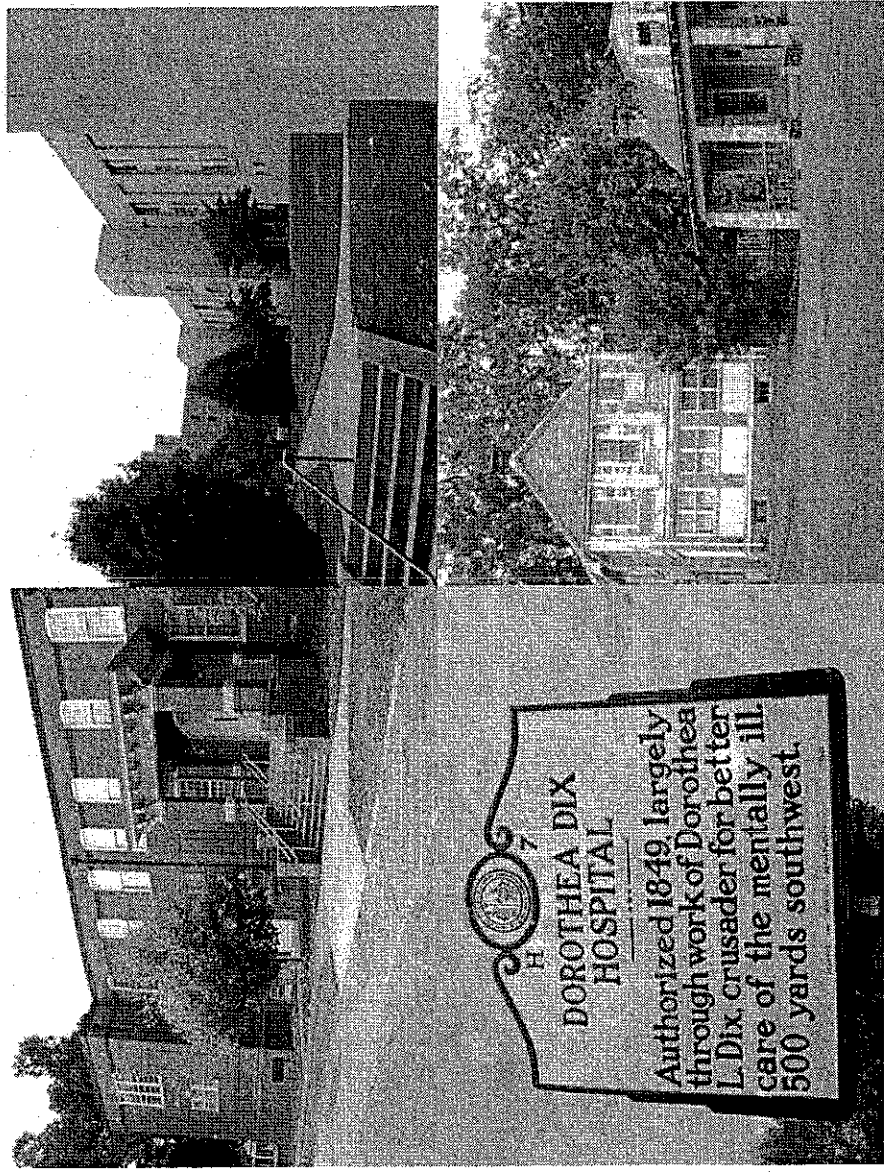


History

- Preservation of a Historic Core
- Maintenance of Comprehensive Campus Design
- Identifying Prominent Architectural Elements
- Provision for the needs of the Department of Health and Human Services

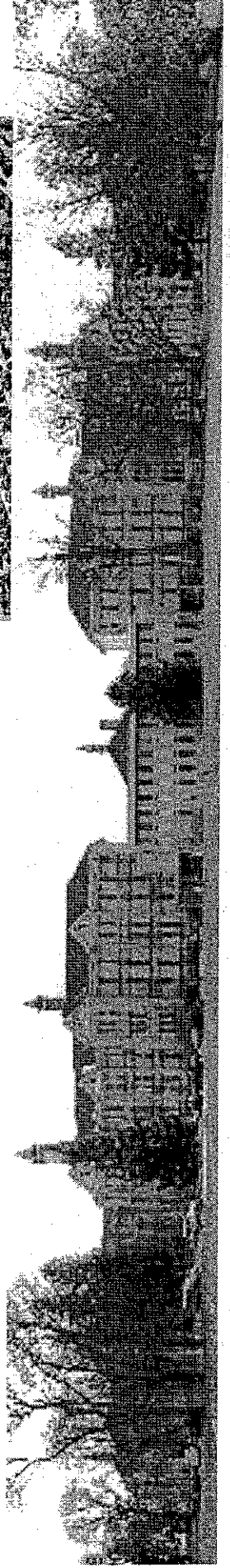
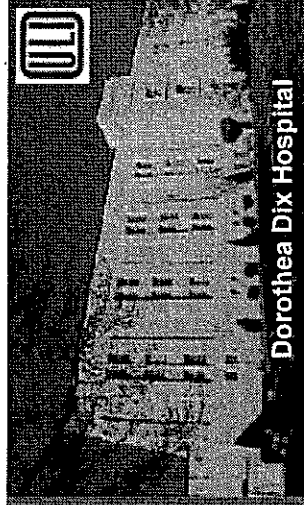
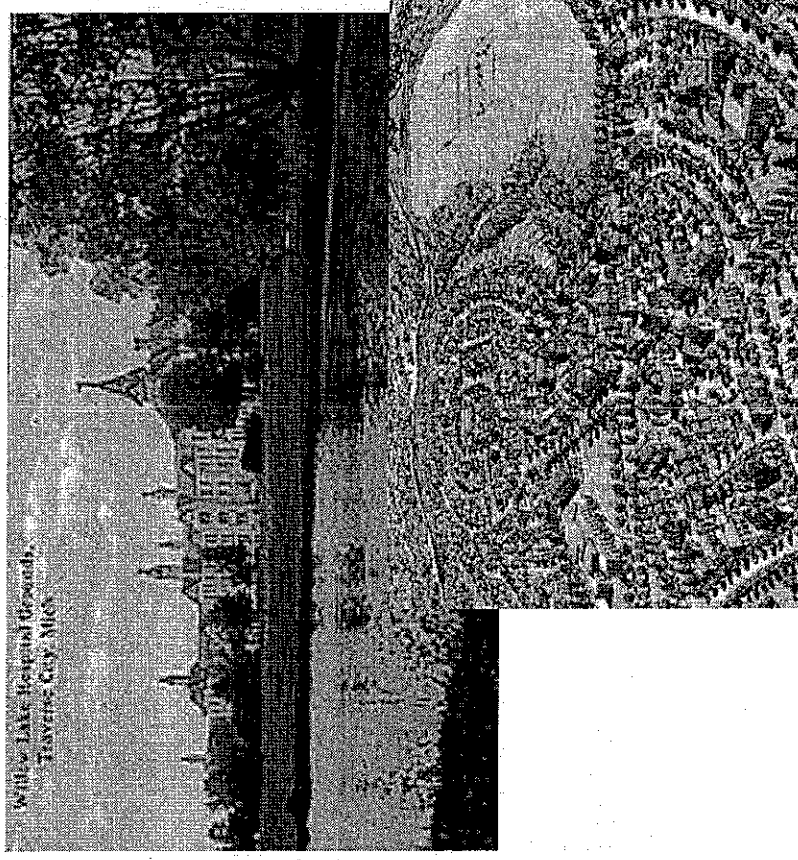


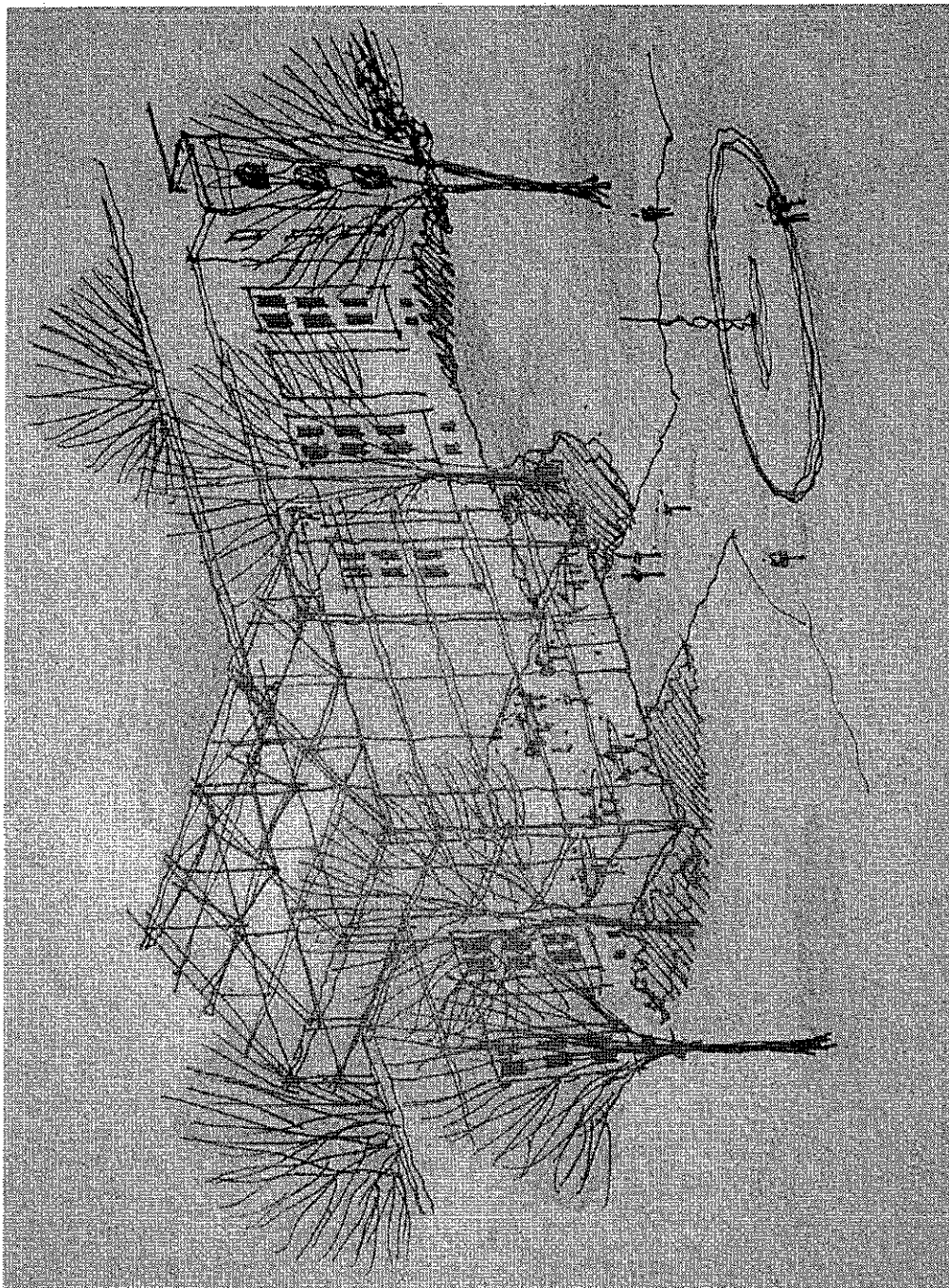
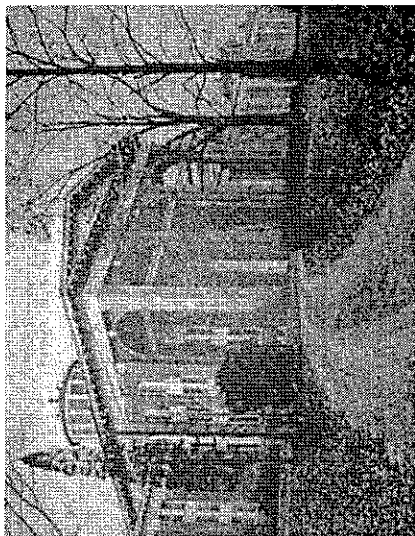
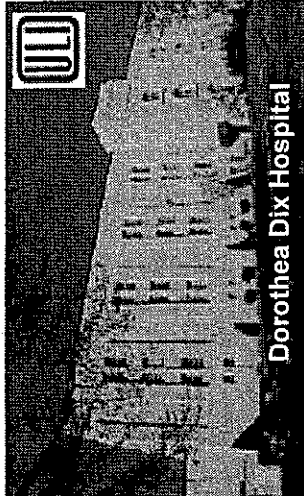
Dorothea Dix Hospital



Adaptive Reuse of Comparable Mental Health Institutions and State Hospitals

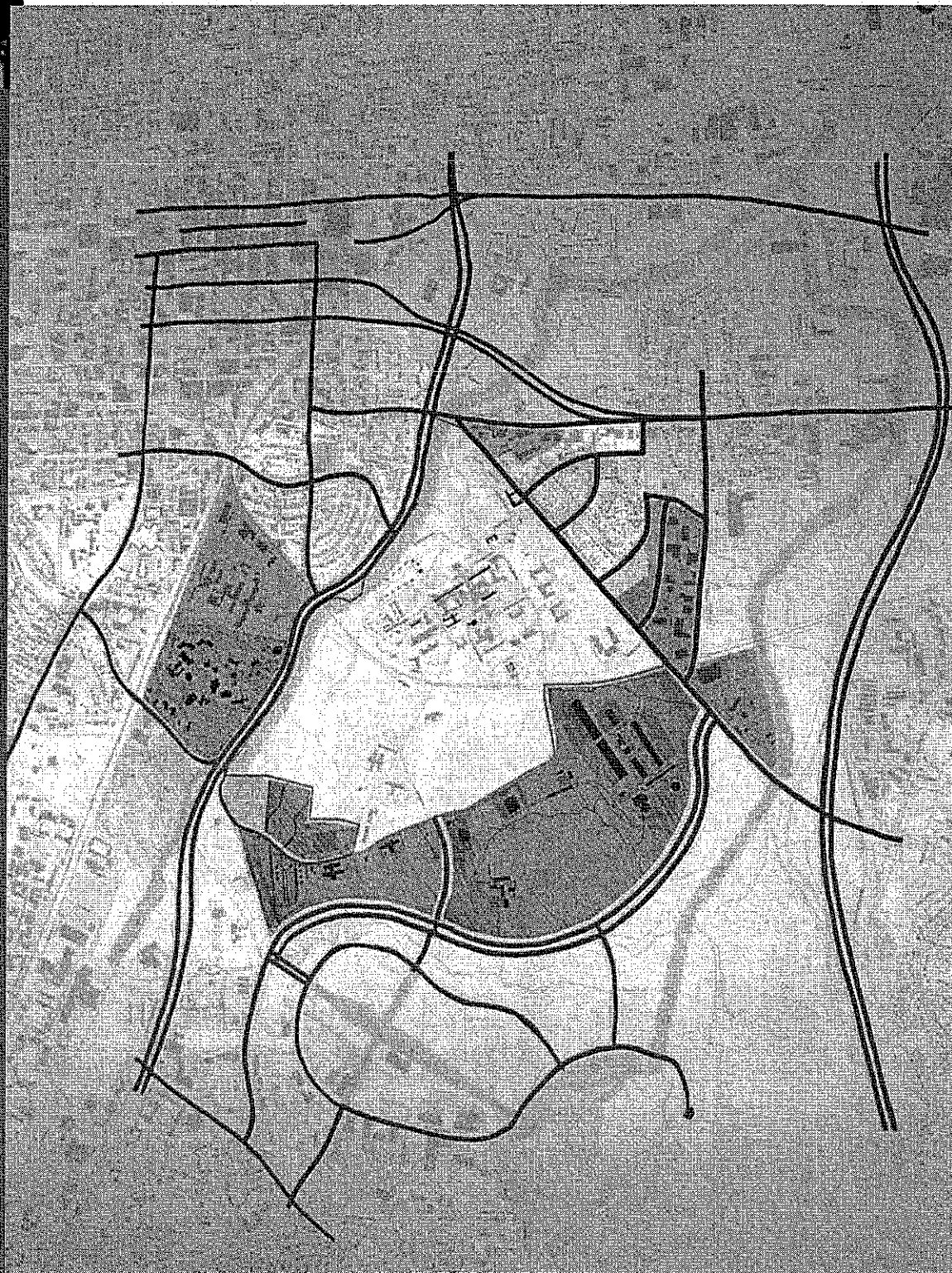
Two more images





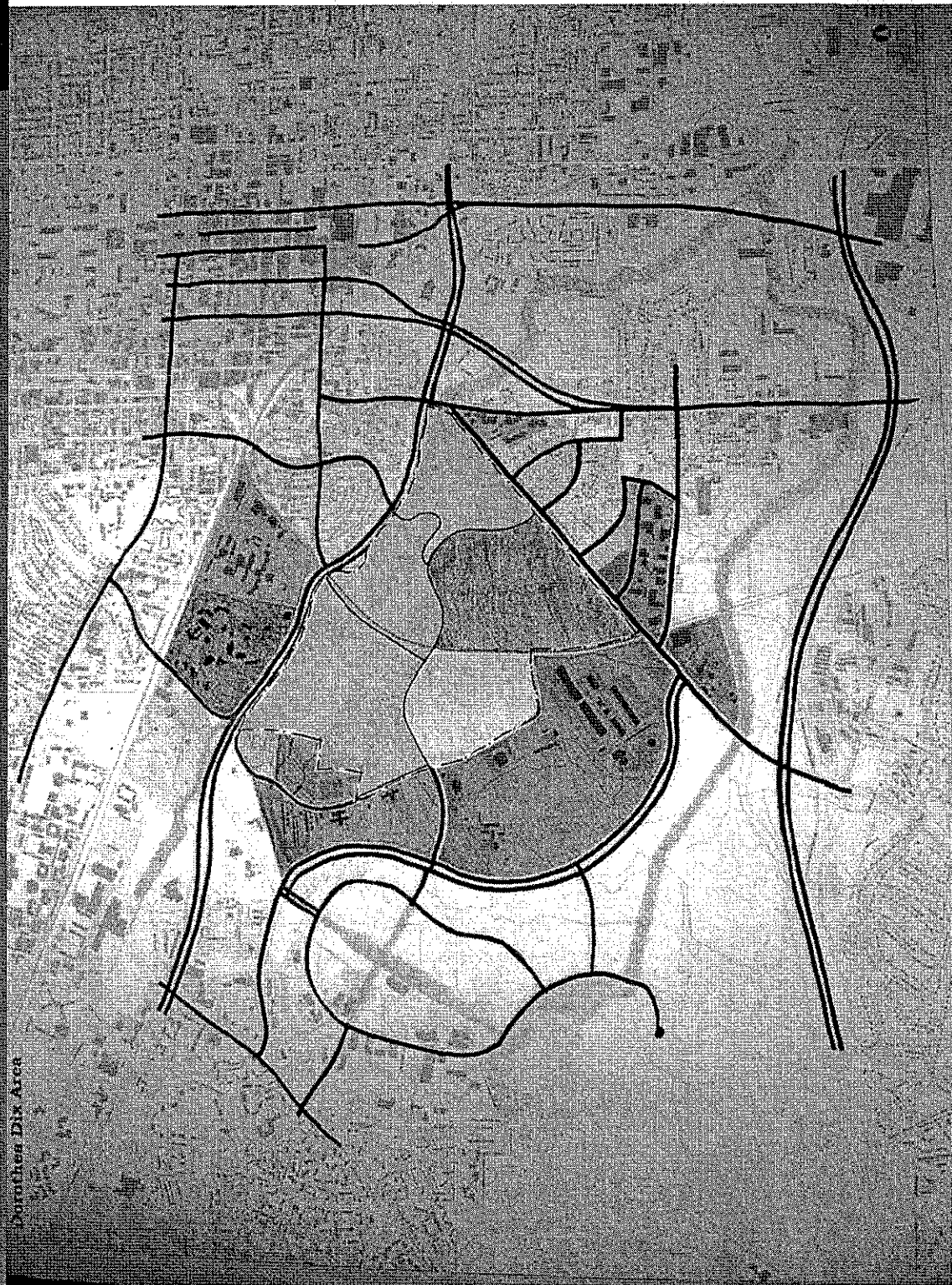


Dorothea Dix Hospital





Dorothea Dix Hospital



Dorothea Dix Area



Dorothea Dix Hospital

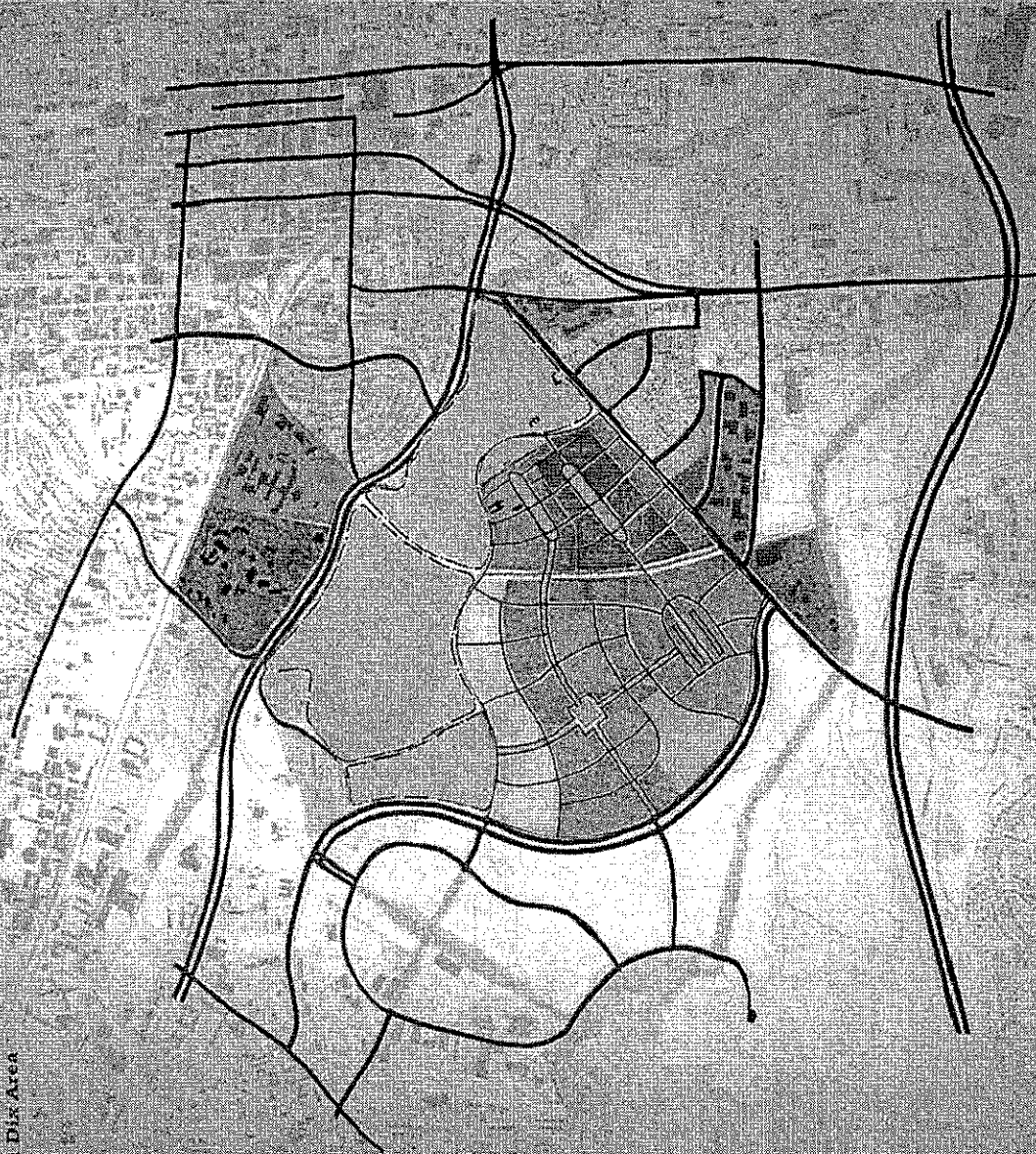
Dorothea Dix Area





Dorothea Dix Hospital

Dorothea Dix Area

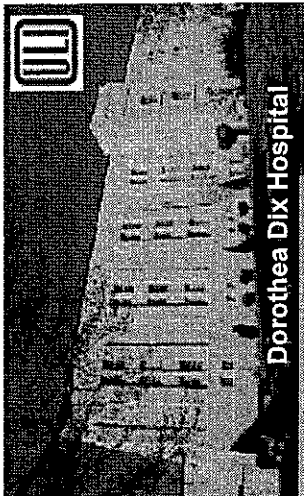


Suggested Land Use

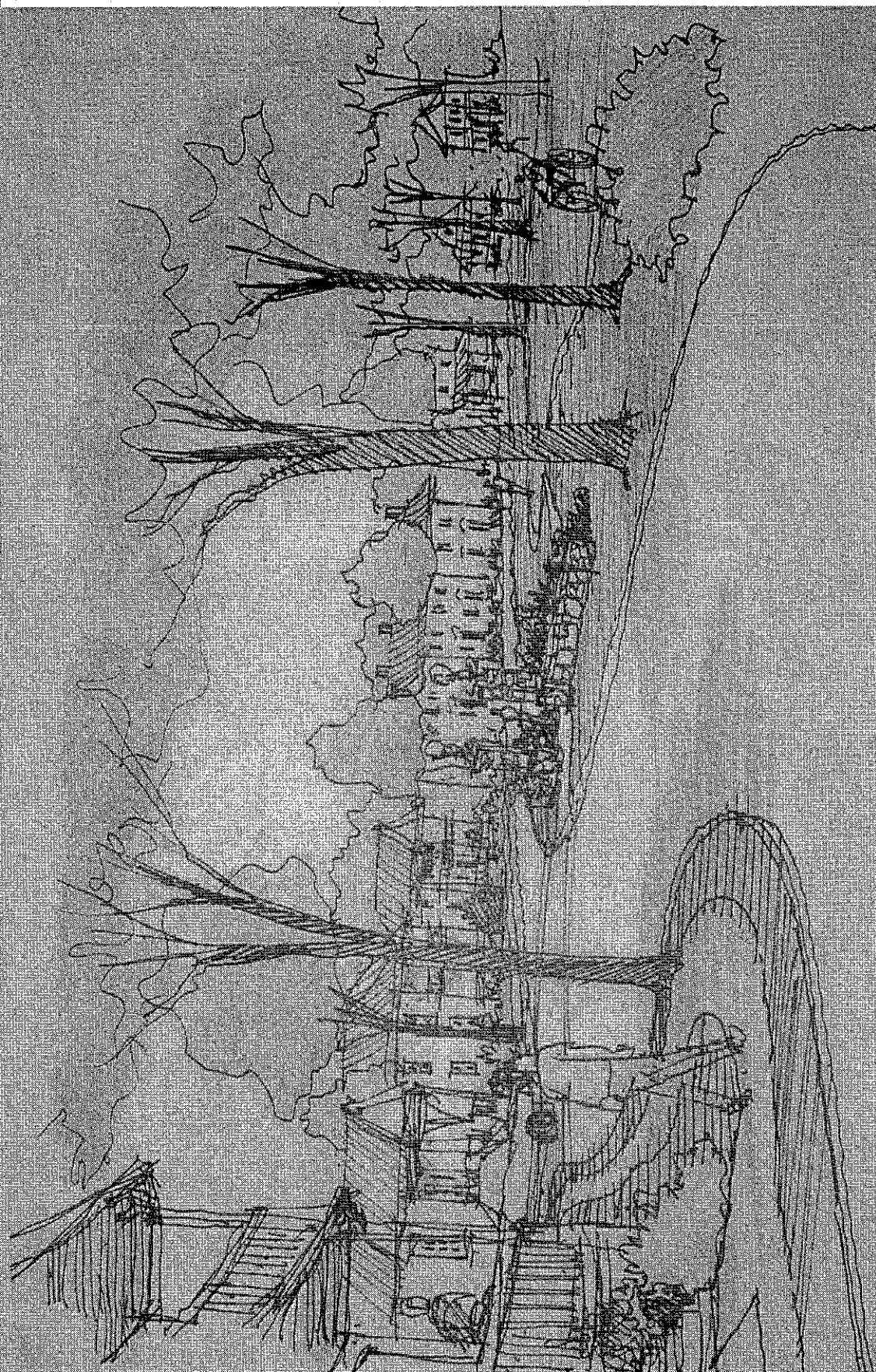


Dorothea Dix Hospital

Land Use	Acres
Park	215
Medium-Low Residential	35
Medium-High Residential	65
Historic Core (adaptive reuse)	80
Town Center (includes Farmer's Market)	43
Open Space/Recreation/Town Green	25

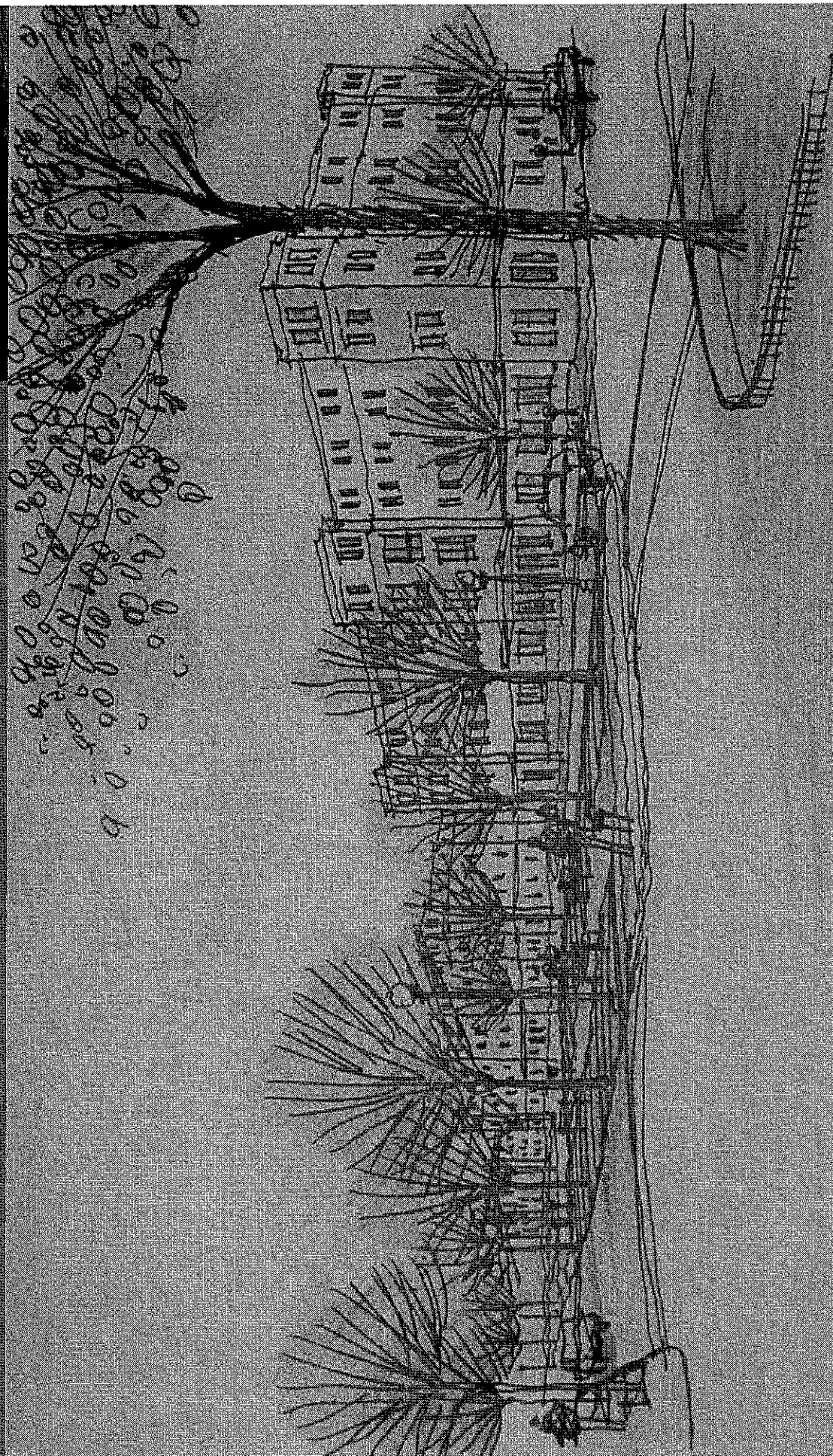


Dorothea Dix Hospital

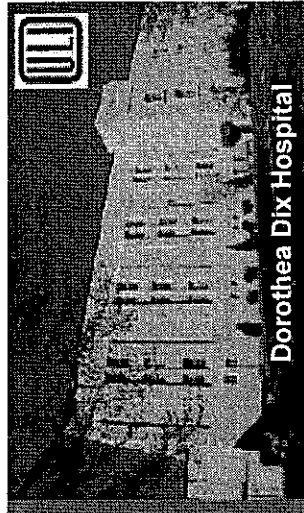




Dorothea Dix Hospital

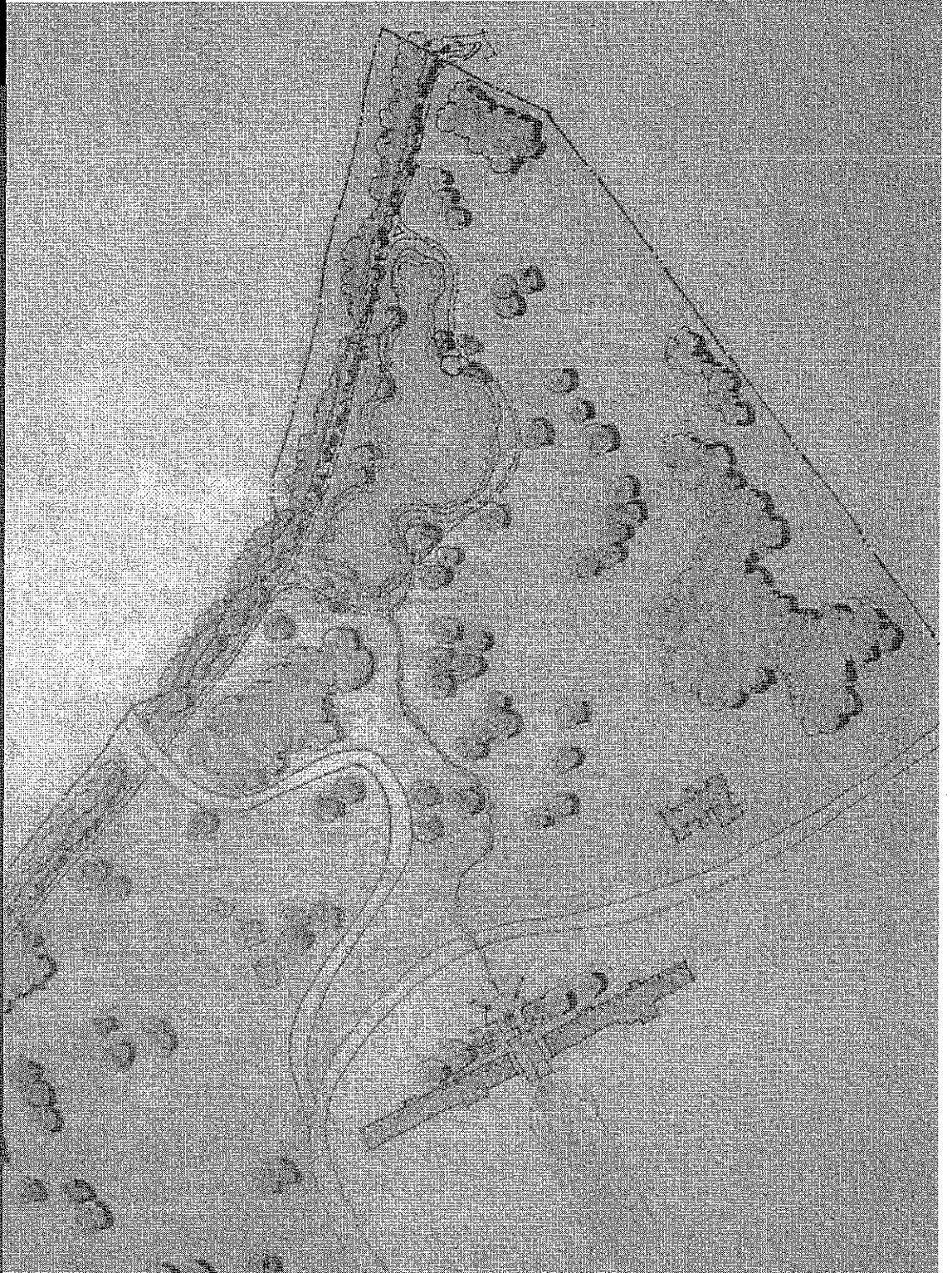


- Adaptive reuse of the Harvey Building to accommodate congregate housing for the mentally ill on site



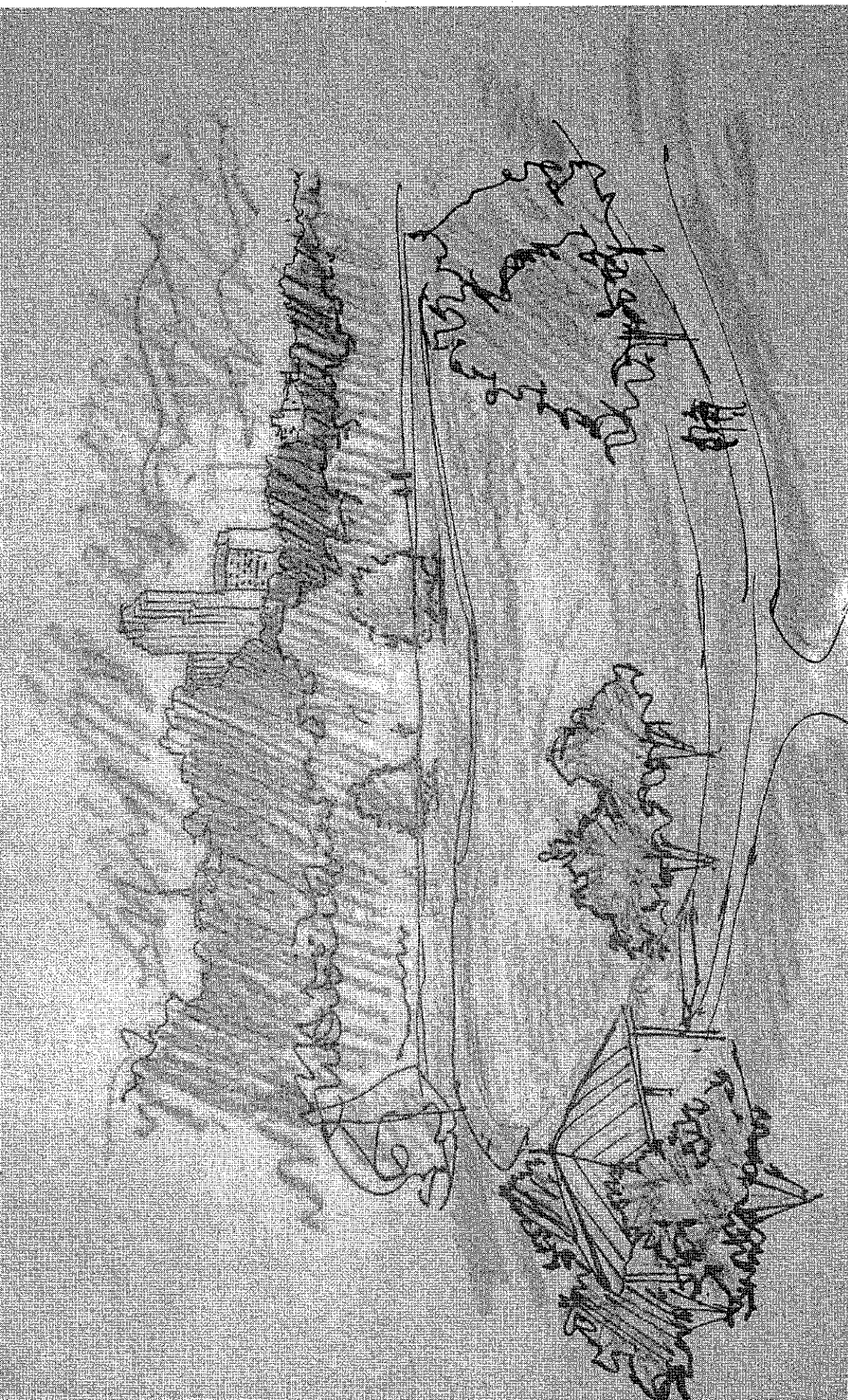


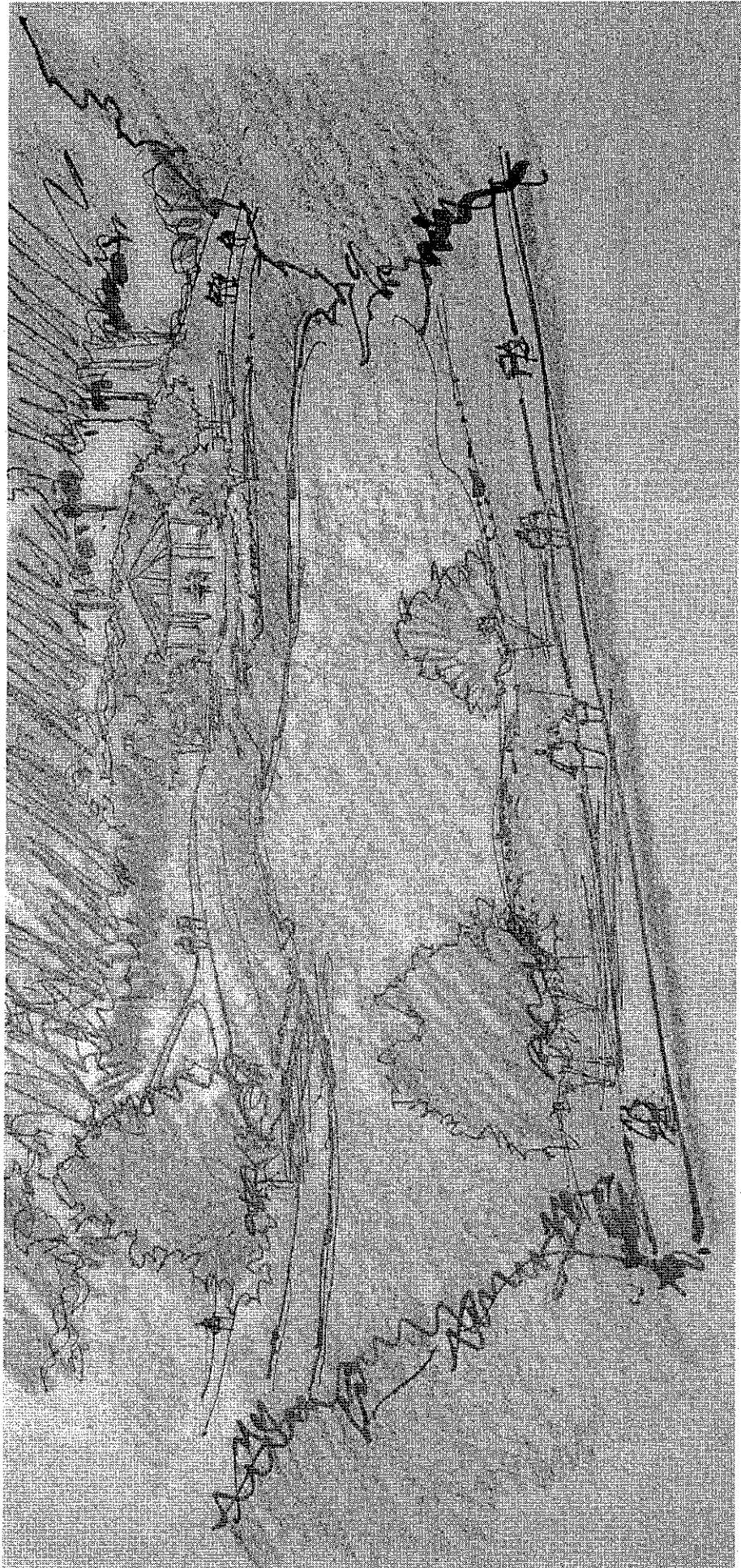
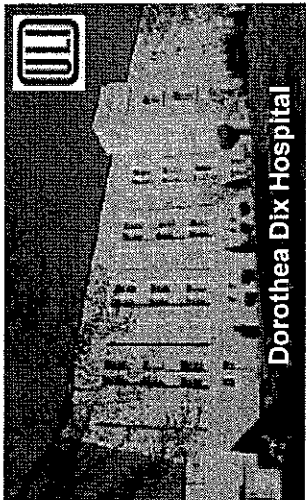
Dorothea Dix Hospital





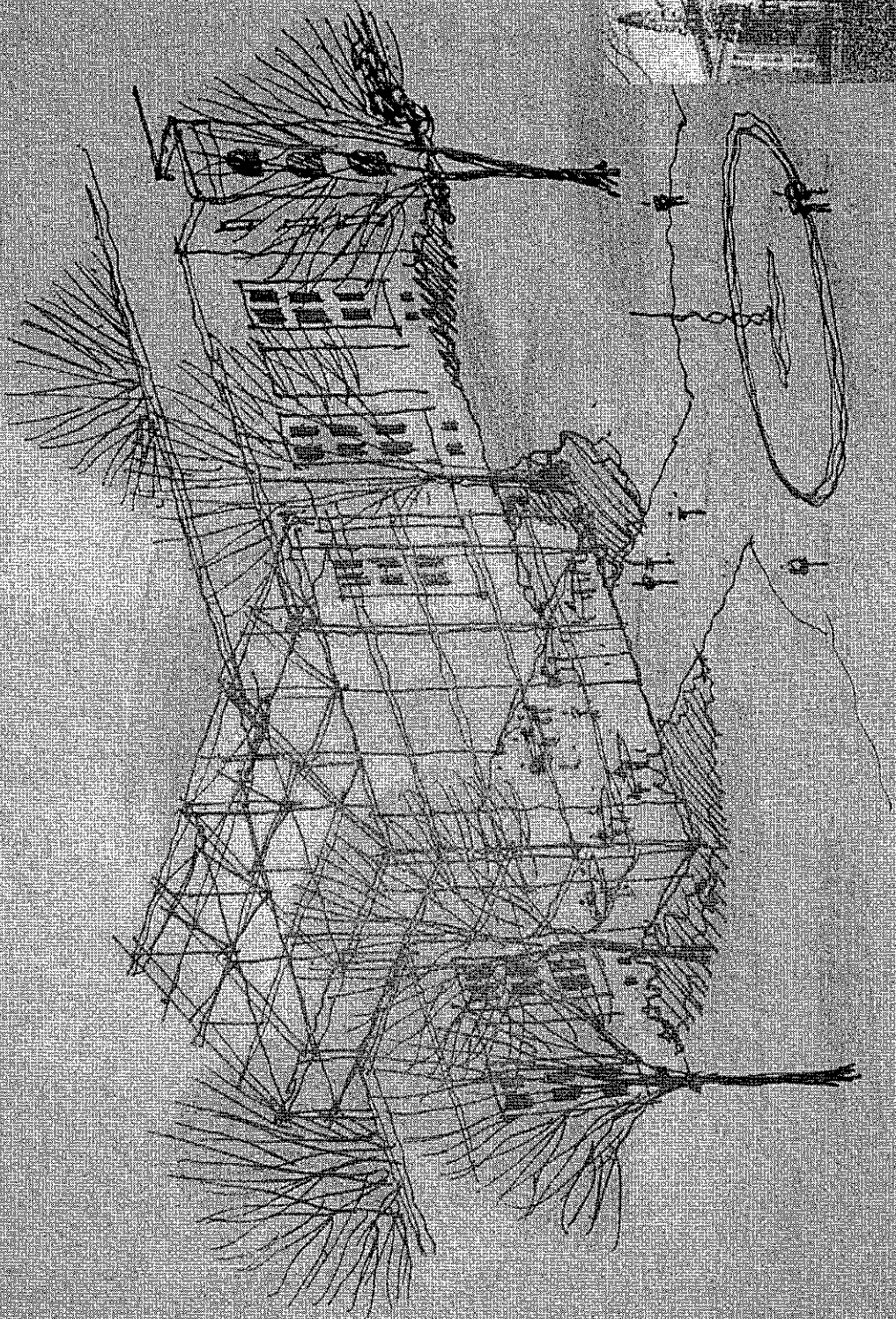
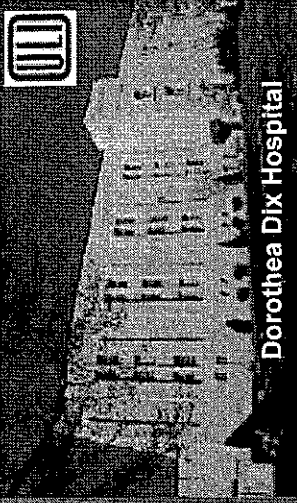
Dorothea Dix Hospital





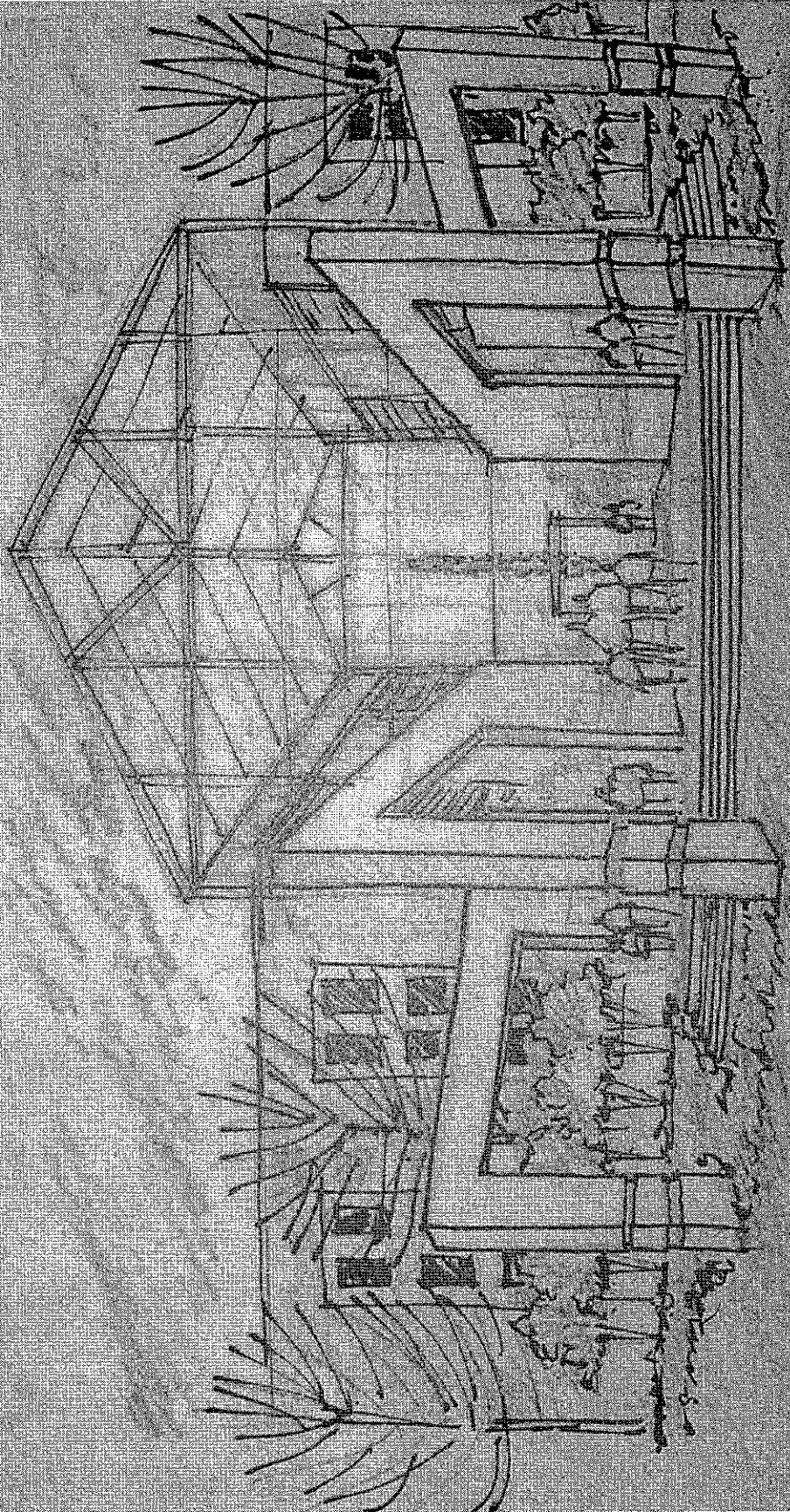


Dorothea Dix Hospital





Dorothea Dix Hospital



How

- Value
 - Legacy
 - Connection
 - Revenue
 - Great City Park



Dorothea Dix Hospital

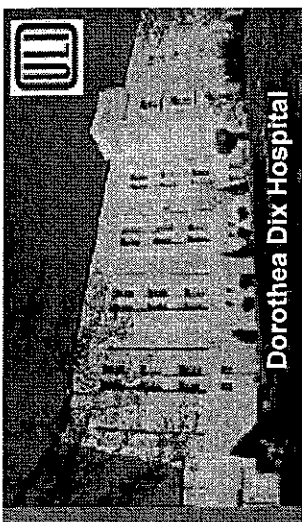
How

- Issues
 - Everyone is talking; no one is listening
 - No one is in charge
 - Money demands
 - DHHS usage
 - Hierarchy of stakeholders



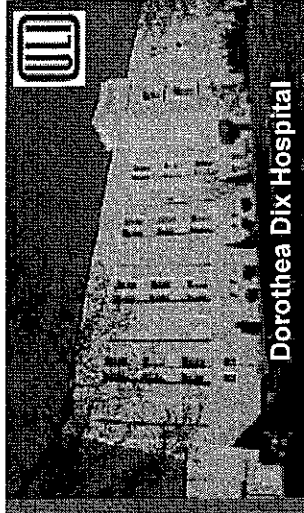
How

- Challenges
 - Communications
 - Focus
 - Structure
 - Money

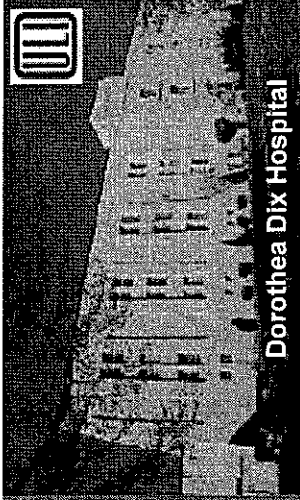


How

- Solutions
 - Clear Ownership
 - Clear Authority and Responsibility in one place
 - Maximize community values
 - Maximize revenue potential

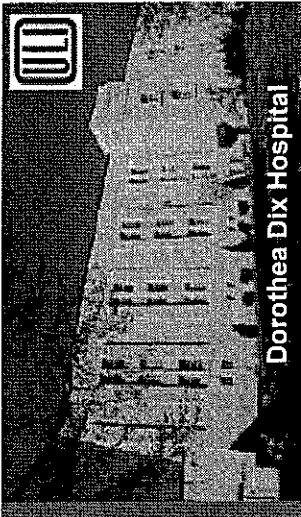


How



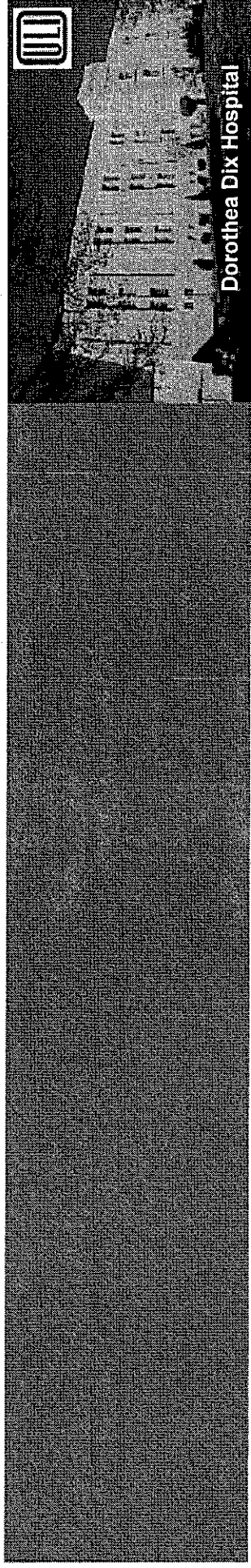
City Buys It !

How



Source

- The City Pays the State \$40 million
- Two vehicles used to raise the money:
 - Dix Campus Development Corporation (DCDC)
 - \$ 30 Million from TIF
 - Dix Park Conservancy
 - \$ 10 Million Private Sector



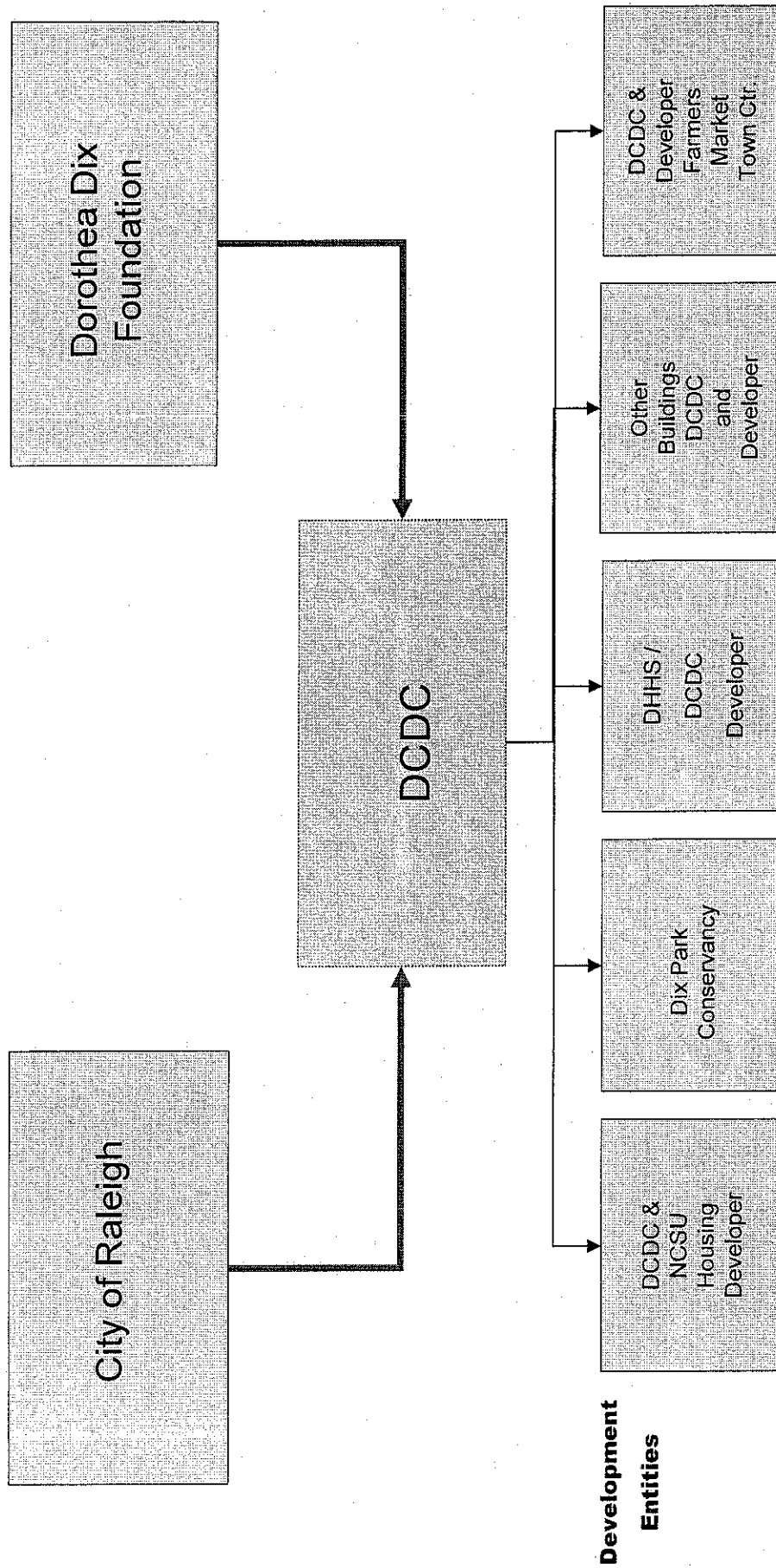
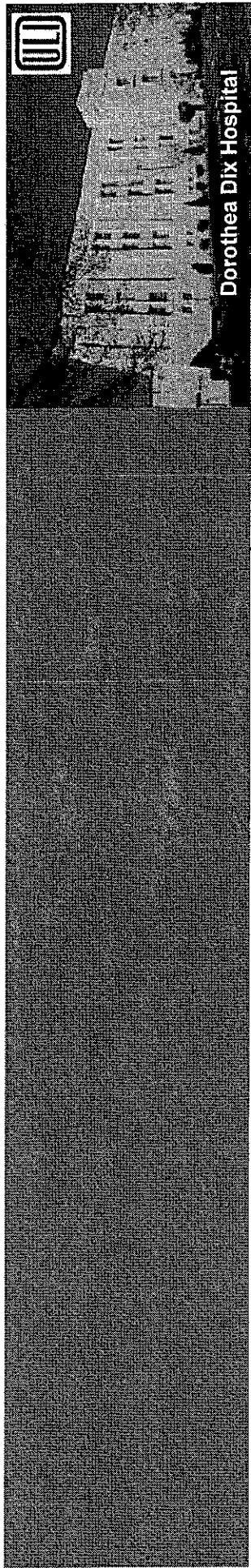
- Overall Structure
 - Dix Campus Development Corporation (DCDC)
 - Board Composition
 - Dix Park Conservancy
 - The Dorothea Dix Foundation
 - Board Composition
 - Development Partnerships

Suggested Boards Composition



Dorothea Dix Hospital

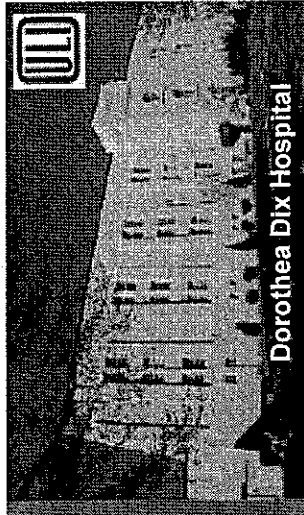
- Dix Campus Development Corporation (DCDC)
 - Board Composition
 - 7 members chosen by the Mayor
 - » NC State, Wake County and the state each nominate 3 people from which the mayor picks one each.
 - » the Conservancy nominate six people from which the mayor picks two.
 - » Two seats are chosen by the City.
- The Dorothea Dix Foundation
 - Board Composition
 - 9 members
 - » Governor appoints 3,
 - » Legislature appoints 3
 - » Mental Health Community appoints 3



How

- Assumptions
 - DHHS Agrees to a long term lease on rehabilitated buildings
 - Farmers Market expands into a larger retail town center
 - NCSU agrees to cooperate with DCDC and development of new neighborhood





- The economic potential of Dix Hill is sufficient to support the goals of the state, county, city, the citizenry and local groups concerned with the environment, open space and especially those concerned with mental health.

Tax Increment Financing Projection



Dorothea Dix Hospital

Principal Amount:	\$30,000,000
Rate:	5.00%
Amortization:	25 years
Annual Payment:	\$1,452,558
Cushion for Issuance:	60%
Required Tax Payments:	\$2,420,930
Required Taxable Value @ .01069:	\$226,466,791

Potential Tax Revenues



Dorothea Dix Hospital

DCDC	Tax Value	Revenue Potential
Office Space @\$200:		@0.01069
800,000 DHHS Space	\$160,000,000	\$1,710,400
400,000 Other Office/Retail	\$80,000,000	\$855,200
Total Office Estimated Tax Value	\$240,000,000	\$2,565,600
Residential:		
Multifamily 750 units @ \$100,000	\$75,000,000	\$801,750
Single Family 250 units @ \$200,000	\$50,000,000	\$534,500
Total Residential	\$125,000,000	\$1,336,250
Total DCDC Value	\$365,000,000	\$3,901,850
Other Residential (Centennial)		
Multifamily 150 @ \$100,000	\$75,000,000	\$801,750
Single Family 250 @ \$200,000	\$50,000,000	\$534,500
Other Retail		
Total	\$490,000,000	\$5,238,100

Possible Additional Revenue



Dorothea Dix Hospital

DCDC Property Only	
Multifamily 750 units	\$1,875,000
Single Family 250	\$625,000
Total DCDC	\$2,500,000
Other (Centennial)	
Multifamily 750 units	\$1,875,000
Single Family 250	\$625,000
Total Other	\$2,500,000
Total Residential One Time Payments	\$5,000,000

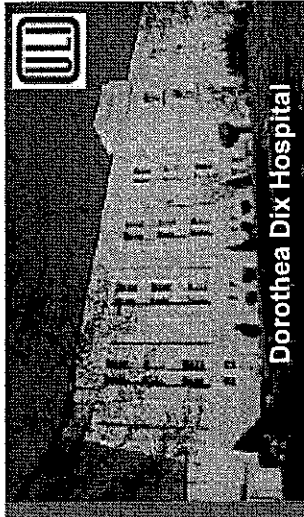
Constituent Goals

- State
- County
- City
- DHHS
- NCSU
- Citizen
- Mental Health Community



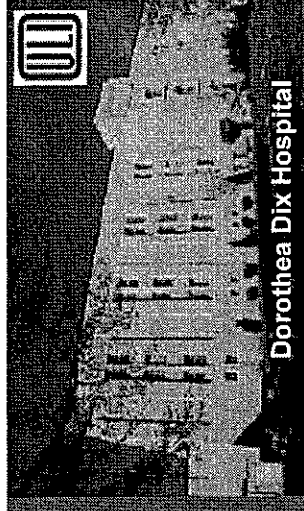
Dorothea Dix Hospital

Guiding Principles



- Create a fitting memorial to Dorothea Dix
- Promote LEED (Leadership in Energy and Environmental Design) Silver Rating for new neighborhood and for all buildings
- Create a retail center around farmer's market
- Maximize access to adjacent neighborhoods of Boylan Heights, Fuller Heights, Caraleigh, Centennial Campus and Pullen Park Terrace.

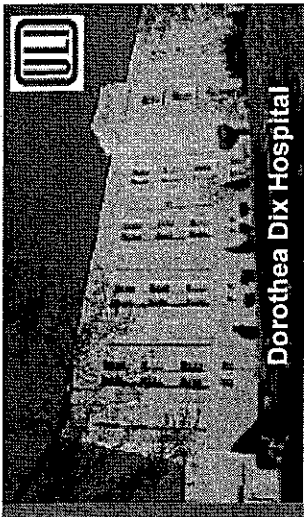
Guiding Principles

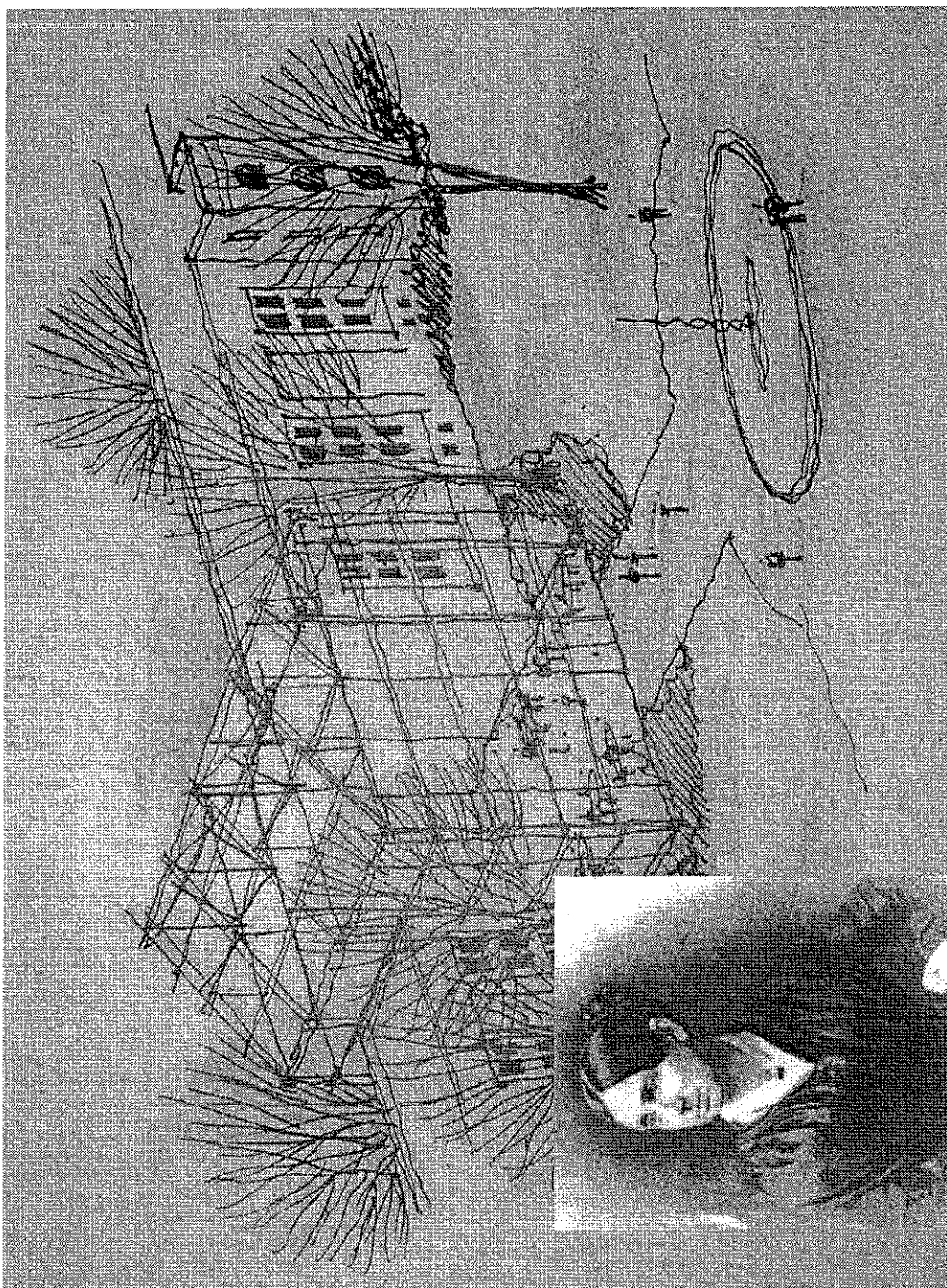
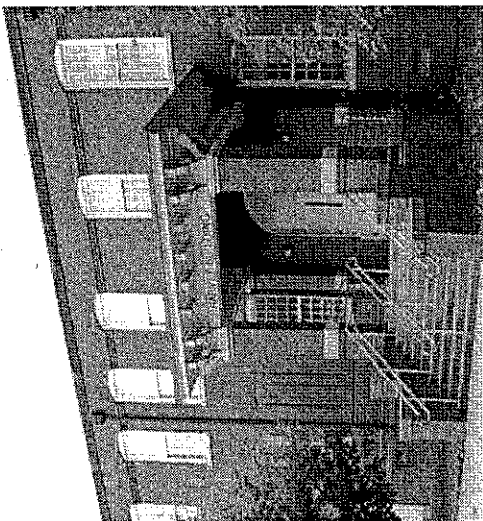
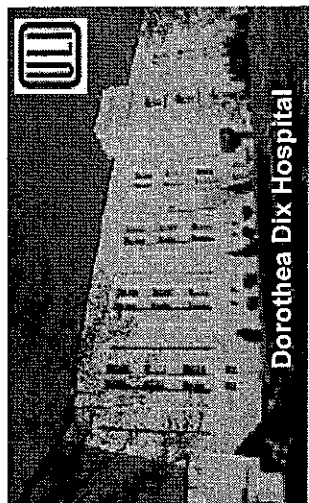


- Seek a balance between park and neighborhood creation that builds upon prior studies
- Create a residential neighborhood around the historic core to create a vibrant park
- Accommodate DHHS campus
- Create mixed use neighborhood on Centennial Campus/Farmers market

Guiding Principles

- Create New Greenway linkages
- Preserve existing oak trees
- Accommodate passive recreation, amphitheatre and possibly botanical gardens
- Accommodate congregate housing for the mentally ill on site





APPENDIX F

Urban Land Institute White Paper Prepared for the Dorothea Dix Hospital Property Study Commission

AN ADVISORY SERVICES PANEL REPORT

Dorothea Dix Hospital Raleigh, North Carolina



Urban Land
Institute

Dorothea Dix Hospital Raleigh, North Carolina

Strategies to Build a Legacy

October 25-27, 2006
An Advisory Services Program Report

ULI-the Urban Land Institute
1025 Thomas Jefferson Street, N.W.
Suite 500 West
Washington, D.C. 20007-5201

About ULI—the Urban Land Institute

The mission of the Urban Land Institute is to provide leadership in the responsible use of land and in creating and sustaining thriving communities worldwide. ULI is committed to:

- Bringing together leaders from across the fields of real estate and land use policy to exchange best practices and serve community needs;
- Fostering collaboration within and beyond ULI's membership through mentoring, dialogue, and problem solving;
- Exploring issues of urbanization, conservation, regeneration, land use, capital formation, and sustainable development;
- Advancing land use policies and design practices that respect the uniqueness of both built and natural environments;
- Sharing knowledge through education, applied research, publishing, and electronic media; and
- Sustaining a diverse global network of local practice and advisory efforts that address current and future challenges.

Established in 1936, the Institute today has more than 35,000 members from 90 countries, representing the entire spectrum of the land use and development disciplines. Professionals represented include developers, builders, property owners, investors, architects, public officials, planners, real estate brokers, appraisers, attorneys, engineers, financiers, academics, students, and librarians. ULI relies heavily on the experience of its members. It is through member involvement and information resources that ULI has been able to set standards of excellence in development practice. The Institute has long been recognized as one of the world's most respected and widely quoted sources of objective information on urban planning, growth, and development.

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Cover photo by Tom Eitler.

About ULI Advisory Services

The goal of ULI's Advisory Services Program is to bring the finest expertise in the real estate field to bear on complex land use planning and development projects, programs, and policies. Since 1947, this program has assembled well over 400 ULI-member teams to help sponsors find creative, practical solutions for issues such as downtown redevelopment, land management strategies, evaluation of development potential, growth management, community revitalization, brownfields redevelopment, military base reuse, provision of low-cost and affordable housing, and asset management strategies, among other matters. A wide variety of public, private, and nonprofit organizations have contracted for ULI's Advisory Services.

Each panel team is composed of highly qualified professionals who volunteer their time to ULI. They are chosen for their knowledge of the panel topic and screened to ensure their objectivity. ULI's interdisciplinary panel teams provide a holistic look at development problems. A respected ULI member who has previous panel experience chairs each panel.

The agenda for a panel assignment is intensive. It includes an in-depth briefing composed of a tour of the site and meetings with sponsor representatives; interviews of key people within the community; and a day of formulating recommendations. On the final day on site, the panel makes an oral presentation of its findings and conclusions to the sponsor. At the request of the sponsor, a written report is prepared and published.

Because the sponsoring entities are responsible for significant preparation before the panel's visit, including sending extensive briefing materials to each member and arranging for the panel to meet with key local community members and stakeholders in the project under consideration, participants in ULI's panel assignments are able to make accurate assessments of a sponsor's issues and to

provide recommendations in a compressed amount of time.

A major strength of the program is ULI's unique ability to draw on the knowledge and expertise of its members, including land developers and owners, public officials, academicians, representatives of financial institutions, and others. In fulfillment of the mission of the Urban Land Institute, this Advisory Services program report is intended to provide objective advice that will promote the responsible use of land to enhance the environment.

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Acknowledgments

On behalf of the Urban Land Institute, the panel would like to thank the Dorothea Dix Hospital Property Study Commission of the North Carolina General Assembly. The panel would especially like to thank Senator Vernon Malone and Representative Jennifer Weiss for their leadership and direction prior to and during the panel process. Thanks also go to the other members of the commission, including Senator Janet Cowell, Representative Rick Eddins, Barbara Goodman, Terry Hatcher (as the designee of the Secretary of Health and Human Services), Joseph Huberman, Representative Verla Insko, Mayor Charles Meeker, and Representative Deborah Ross.

Special thanks go to Jim Klingler and Kory Goldsmith of the General Assembly staff. The panel would not have been possible without their good

work. The panel also wishes to thank Denise Huntley and Bonnie McNeil of the General Assembly staff, and local representative of the Urban Land Institute Trish Healy for help in putting all the pieces together.

Finally, the panel would like to thank the more than 40 community members—including government officials, residents, business leaders, neighborhood organizations, and property owners—who volunteered their time, thoughts, and experiences during the interview process. Their insights provided valuable information that was critical to the completion of the panel's recommendations.

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ULI Panel and Project Staff

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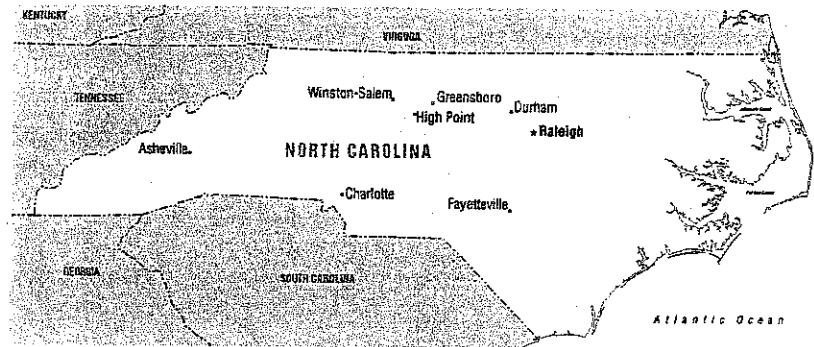
Foreword: The Panel's Assignment and Summary of Recommendations

The Dorothea Dix Hospital is located on 311 acres immediately southwest of downtown Raleigh, North Carolina. The hospital campus, also known as Dix Hill, is surrounded by residential neighborhoods, roadways and thoroughfares, a commercial strip, the State Farmers Market, and the North Carolina State University (NCSU) Centennial Campus.

The hospital has occupied Dix Hill since 1850, a legacy of efforts led by Dorothea Lynde Dix, a leader in reforming mental services in the United States. Over time, the campus has grown into a large complex of building and facilities, the heart of which is located on the prominence of Dix Hill. It was listed on the National Register of Historic Places (NRHP) as a district in 1990.

The Panel's Assignment

As part of the larger reform of mental health services for the state of North Carolina, the Dix Hospital will be closed by 2008. The Dorothea Dix Hospital Property Study Commission was created by the North Carolina General Assembly to determine the disposition of the property. The commission, acting as the sponsor, contracted with the Urban Land Institute for a three-day advisory panel. The sponsor asked a rather ambitious series of questions addressing three broad areas: (1) meeting state needs; (2) preserving historic structures, facilities, and landscapes; and (3) governance and ownership of the property. The panel warned the sponsor that its ability to address questions of this breadth would be difficult within a three-day panel process; thus, the panel limited itself to providing basic and broad strategic recommendations to help the Commission consider alternatives.



Location map.

The Panel Process

Before coming to Raleigh, each of the panelists received and reviewed extensive briefing materials prepared by the commission staff. The panel also received on-site briefings and toured Dix Hill, the surrounding neighborhoods, and the broader downtown area. The panel met with city officials, community leaders, state officials, business owners, and representatives of NCSU—all of whose knowledge of and passion for Dix Hill and the subject property were informative. This information, as well as the panelists' best professional judgment, helped the panel prepare its findings and recommendations.

Summary of Recommendations

The panel focused its assessment of the site on the strengths and opportunities in the market, the strategic location of the acreage near downtown, and the synergy created by adjacent uses, such as the Centennial Campus. The panel made the following recommendations:

- Preserve important portions of the property, including the Grove, as a world-class park, that would be acquired by the city of Raleigh.
- Preserve buildings in the historic core and permit the adaptive reuse of historic buildings. Provide space for the Department of Health and Human Services (DHHS) in the Historic Core.

- Acquire new acreage from NCSU to help complete the physical and psychological connection between the university and downtown.
- Permit a portion of the property to be developed privately as a new residential and mixed-use community and use the sale proceeds to support the mental health system.
- Finance the acquisition of the campus by the city of Raleigh through a combination of private sector donations and a project development fi-

nancing program. The panel suggests that the private sector donations be supervised by a "Dix Park Conservancy" while the project development financing program would be managed and implemented by a public/private partnership called the "Dix Campus Development Corporation."

Planning and Design

The panel's planning and design for the reuse of the Dorothea Dix Hospital site is preceded by excellent work completed over the past few years by numerous individuals and organizations in the community. Many of those concepts and notions were embraced by this advisory panel. This section outlines the guiding principles used by the panel and discusses its recommendations for land uses and design.

Guiding Principles

The panel established several guiding principles to shape the land use and design plans for the property. A central tenet of the panel's development strategy is maintaining a balance that attempts to address a variety of stakeholders. The panel suggests that a substantial portion of the campus remain as a park, while other portions of the property provide development opportunities through either adaptive reuse of existing buildings or new development with requirements for sustainability. Another tenet of the panel was providing connectivity between downtown, the Centennial Campus, and the adjacent neighborhoods. Also, some return on the use of the property for the Mental Health Trust Fund and the possibility of housing DHHS offices in a central location are important factors for the state of North Carolina. Finally, the panel thought providing a fitting memorial to Dorothea Dix was important to the community.

Land Use Recommendations

Following are the land use and design recommendations for each of the land components of the Dix Hospital site and surrounding area. The suggested land use plan is a guide. Given the short time frame within which the panel completed its work, variations to the proposal may be called for.

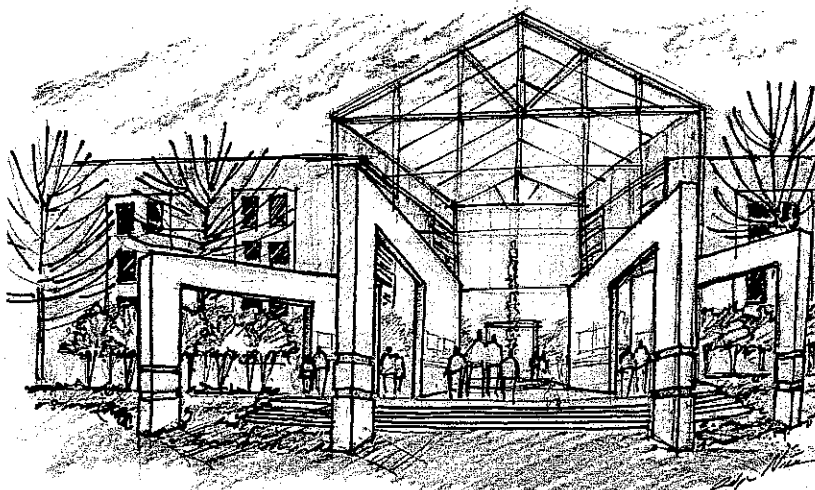
However, the panel believes that the general mix and locations of the various land use components are appropriate.

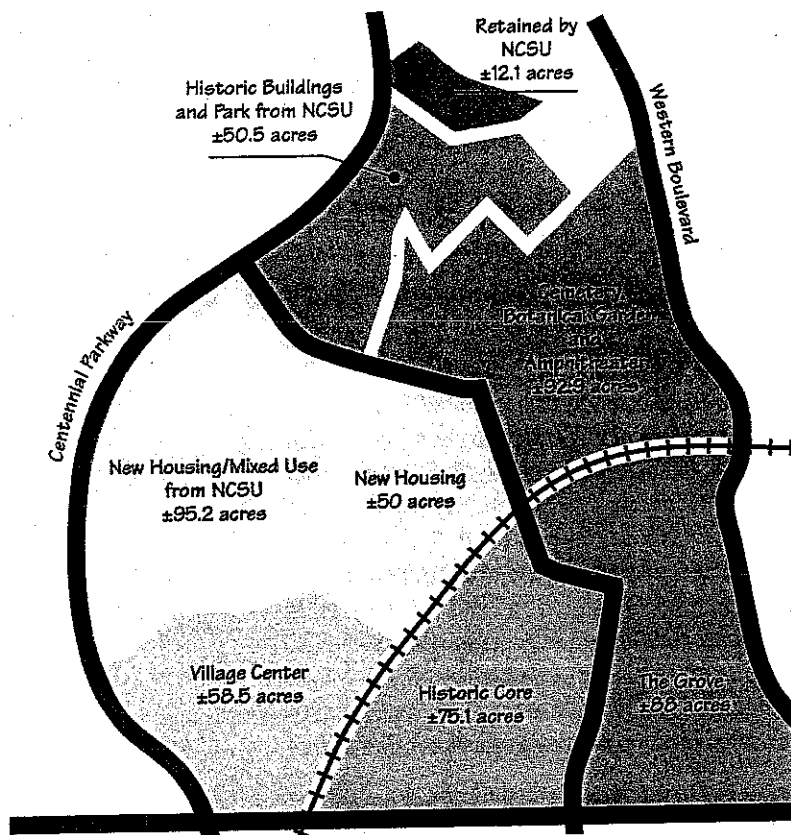
Historic Core

The core area includes the main building complex, the main hospital building, and the support buildings east of the railroad along Biggs Ruggles and Whiteside drives. The panel's evaluation of each building was too brief to make definitive recommendations about preservation, rehabilitation, or demolition. Clearly, significant buildings in the core area and those that contribute to the NRHP nomination will need to be preserved, but other buildings could provide a significant opportunity for rehabilitation or adaptive use as office space.

As noted in the recommendations and as defined further in the Implementation section of this report, the panel believes the portion of the site suitable for redevelopment should be sold to a master developer who can then lease the property back to the DHHS after space has been renovated. Buildings that appeared ripe for renovation include the Harvey Building and those along both Palmer

Conceptual memorial to Dorothea Dix.





Conceptual land use plan.

Drive and Biggs Drive. The panel believes an entire core study should be completed before outlining the specific course of action. The panel recommends the removal of the Hargrove Building and its replacement by a memorial to Dorothea Dix, looking out on the Grove.

The Grove

Including all of the property south and east of the railroad outside the core area, the approximately 88 acres of the Grove will form the eastern portion of the larger park. The Grove is central to the history of psychiatric care at the hospital from its earliest days. This area should remain as envisioned by Dorothea Dix and her successors—as a place providing “clean air, advantageous views and plenty of sunshine,” as a means to restore patients to good health. This portion of the park should not only provide the edge or interface with the central downtown of Raleigh but also should provide a continuous public space along the various creeks and watersheds both on and adjacent to the site.

Cemetery, Botanical Garden, and Amphitheater

Currently part of the Dix property, the cemetery includes approximately 93 acres north of the railroad. This area should act as a continuation of the park in its quest to link with the Centennial Campus and should be available for more-active recreational uses; perhaps a botanical garden, an amphitheater, and memorials could be added to the existing cemetery use.

Historic Buildings and Park

This area, currently part of the Centennial Campus, should be acquired as part of the larger park to complete the connection with North Carolina State University. A number of existing freestanding houses and buildings used by the state and by the university should remain, but the grounds around each should be transformed into the northwestern boundary of the park.

New Village Development

The New Village Development consists of two new housing areas and a village center. The first housing area is located on the Dix campus and consists of 50 acres behind the William Building. The second residential area is located adjacent to the first and backs up to Centennial Parkway. This parcel is approximately 95 acres and is currently owned by NCSU. The village center consists of approximately 58.5 acres and includes property owned by the state and allocated to the State Farmers Market and the Centennial Campus of NCSU.

The design of these areas should be in the form of a compact urban village that exemplifies and embodies “green” buildings, sustainable development principles, and excellent urban design. The expectation is that the property would be transferred from the state and sold to a master developer. The property would be subject to city of Raleigh zoning and land use controls. The panel sees a variety of roles for this village, including the following:

- Providing an opportunity to produce one-time sale revenue that can be folded back into the mental health system;
- Providing the city of Raleigh and Wake County with potentially taxable property;

- Acting as a catalyst to help encourage development of other properties both on and adjacent to the Centennial Campus;
- Providing a world-class “sustainable” green community that collaborates with NCSU’s engineering schools as a classroom and laboratory for the Constructed Materials Laboratory located only one-half mile from the study area and other programs at the School of Engineering and College of Design;
- Providing needed housing near the university; and
- Facilitating a better link between the city of Raleigh, the downtown neighborhoods, and the university.

Conceptual Land Use

Use	Acres
The Grove	88.0
Cemetery, Botanical Garden, and Amphitheater	92.9
Retained NCSU	12.1
Historic Buildings and Park from NCSU	50.5
Historic Core	75.1
New Housing	50.0
Village Center	58.5
New Housing/Mixed Use from NCSU	95.2
Total	522.3

Implementation

The panel was overwhelmed by the groundswell of interest in the Dix property and the diversity of views maintained by the various groups. Part of the problem with any "public" piece of land located near the heart of a city is that nearby residents have one view (a local park, a botanical garden, or a development opportunity) and citizens from across town have another (a development opportunity, a place to deliver local mental health services, or a regional park). Still other groups from outside the immediate area view the land as something completely different.

Although all the groups are well intentioned, the panel believes that a serious lack of constructive communication among and between the groups hinders the planning process and, furthermore, that the leadership structure is not adequately empowered to make decisions to resolve these differences. One panelist described the situation as similar to a dysfunctional family at Thanksgiving time: "Everyone is talking and no one is listening," and "there is no one there to tap on the wine glass to get anyone's attention."

In the meantime, the Dix Commission has been left holding the bag with multiple interest groups who apply chronic pressure to get what they want. More important, these groups display an absolute inability to compromise or even discuss one another's position.

Ownership

The panel believes that to implement the plan it has outlined, the ownership of some of the existing and suggested acreage must be transferred to the city of Raleigh. A substantial portion of the property is designated for park, and the additional open space within the revitalized core and the new village area leaves substantial portions of the Dix property undeveloped.

Addressing the Issues of Funding

The panel believes that to successfully implement the land use suggestions, the property needs clear ownership and a clear centralized authority for implementing the plan. Moreover, the plan needs to maximize community values and the property's revenue potential.

The panel recognizes that the financial burden of meeting state requirements for office space and funding a world-class park will need to come from a variety of sources. The funds received from the one-time sale of property to private interests should be used to support the mental health system, as recommended by the Dix Commission.

The local government's ad valorem tax provides an ongoing source of revenue distributed between the county and city; however, this source will not pay for the land use suggestions and the development of a world-class park on the Dix Hospital site. The panel recommends a combination of public and private monies to help realize its land use suggestions.

One-Time Sale of New Village and Housing Areas

This area consists of just over 200 acres and can be developed as a traditional village with a variety of adjacent residential densities and housing formats. An initial agreement that recognizes the land use suggestions previously mentioned must be concluded between the various property owners. After the initial agreements between the state agencies are concluded, an early action that will keep the ball rolling is an accurate and timely valuation of the property. This appraisal will set the market value of the property and allow the state agencies to plan for its timely sale. The panel recommends that a master developer be selected to provide the leadership and continuity necessary to realize the land use suggestions for the housing and village center.

Proceeds from this sale should be dedicated to the mental health system, as recommended by the Dix Commission, and the costs incurred by the state. The master developer may also be the appropriate individual to revitalize the Historic Core. While tax credits for restoration of buildings will be one incentive to encourage investment, the DHHS must be willing to make a commitment to occupy revitalized buildings in the Historic Core.

Solutions for Park Acquisition

The panel estimated the cost of acquisition of the park areas and Historic Core at \$40 million. This evaluation will need to be refined, but for the sake of this report, that number is used as a point of departure. A professional appraisal and evaluation of the property will need to be completed as part of the suggested strategy.

Project Development Financing. Project development financing is a constitutionally permitted method by which projects can be financed through the issuance of bonds that pay for a wide variety of "public" improvements, such as the acquisition, demolition, and infrastructure costs associated with redevelopment. As property rises in value, the amount of the increase, or tax increment, is captured by the municipal development authority and set aside to retire the bonds that funded the improvements. The panel recommends the creation of a project development financing district for the Dix Hospital site.

The overall managerial structure used to establish, manage, and eventually retire the project development financing district will be a public/private

partnership referred to as the Dix Campus Development Corporation (DCDC). The city will take the lead in creating the DCDC. The board of the DCDC should comprise a broad spectrum of interested organizations, including members appointed by the General Assembly, the city, and the county. The city should have a plurality of the appointments because the project development financing district is ultimately under its jurisdiction.

The Dix Park Conservancy. This body would have responsibility for raising a minority portion of the cost of the campus acquisition. Like other philanthropic foundations around the county, the foundation will be responsible for the ongoing fundraising, awareness and docent programs, and advice to the DCDC. The composition of the foundation's board should be entirely separate from that of the DCDC; however, the membership should be no less diverse. Again, the city should have a plurality of appointments. Although the foundation and DCDC will have different roles and responsibilities, the guiding principles of both organizations should be the same. Finally, proceeds from the sale of the campus could be used to support the Dorothea Dix Foundation.

Dorothea Dix Foundation. The concept of a Dorothea Dix Foundation should be explored. This nonprofit will have as its mission service to the mental health community, with a goal of preserving and enhancing the memory and history of Dorothea Dix.

Conclusion

The Dorothea Dix Hospital site, the city of Raleigh, and the surrounding communities are at a critical juncture in their histories.

After 150 years of operation, the Dix Hospital will be closed. Its closing provides the community with an extraordinary opportunity to create a world-class park while still addressing various governmental needs at the state and local levels.

The panel recommends a bold alternative that includes a wide variety of land uses and a strategy to realize these land uses. With appropriate design, the city, the county, and the university can benefit from increased available open space, new development and tax revenues, a sustainable village initiative, and space for the state to centralize its health-related administrative functions. Cre-

ated by a new park, the open-space link between the Centennial Campus and downtown will be strengthened and thereby bind more closely the two economic engines in the immediate area.

The state and especially the city must decide whether they are going to lead this process or allow the property to be divided and redeveloped in an ad hoc fashion. Implementing the panel's recommendations will require careful coordination and teamwork among a wide range of stakeholders. To ensure successful implementation, the city and the state must provide this coordination and foster an environment of cooperation and communication.

About the Panel

Leigh M. Ferguson

*Panel Chair
Birmingham, Alabama*

Ferguson is the director of Urban Living and the executive vice president of Sloss Real Estate in Birmingham, Alabama. His primary duties with Sloss include operating the residential and mixed-use real estate development and management division with a focus on urban mixed-use community development projects as a continuing part of revitalizing Birmingham's Center City. Ferguson also managed Sloss's participation as joint venturer in a \$100 million dollar HOPE VI, mixed-income residential development.

Before joining Sloss Real Estate, Ferguson was president of Corker Group, Inc., where he managed an approximately 2 million-square-foot portfolio of office, commercial, and industrial properties; supervised all leasing, administrative, maintenance and financial operations; and prepared monthly and annual business plans, budgets, and reports to ownership. From 1991 to 1999, Ferguson was president of Chattanooga Neighborhood Enterprise, Inc. (CNE). At CNE, Ferguson managed lending, development, financial, and property management functions of approximately \$30 million dollars per year. Previously, Ferguson was president and chairman of John Laing Homes, Inc.; vice president of development for the Van Metre Company; and in the same capacity for the Winkler Companies.

Ferguson studied chemistry and mathematics while at the University of North Carolina-Chapel Hill and completed graduate-level studies in investment management and real estate at George Washington University.

Ferguson is a full member of ULI and a member of the Affordable Housing Council.

Dennis Carmichael

Alexandria, Virginia

Carmichael is a principal and vice president with EDAW, Inc., and has been with the firm for 25 years. His focus is place making in the public realm. With dozens of built projects around the country, his work in public places is characterized by the use of narrative, cultural, and historical references in landscape solutions. Rather than a signature style, his approach to design is about revealing the special qualities of a given place, seeking to make the landscape visible, comprehensible, and valuable.

Carmichael's work has given several cities renewed vigor as it created opportunities for new investment. In Louisville, Kentucky, \$10 million worth of public plazas and streetscape has generated over \$50 million in new housing, retail, office, and museum construction. In Chattanooga, Tennessee, Ross's Landing, a \$9 million park, has helped stimulate over \$100 million in a new riverfront neighborhood. And in Atlanta, the \$25 million Centennial Olympic Park has become a catalyst for \$500 million in reinvestment in the surrounding blocks of downtown. Carmichael has received dozens of design awards, and his work has been published in such magazines as *Landscape Architecture*, *Urban Land*, and *Architecture*.

Carmichael was elected president of the American Society of Landscape Architects and currently leads the 16,000-member organization. The focus for his term is sustainability, and the annual meeting this year has a theme titled "Green Solutions for a Blue Planet." He will be a keynote speaker in July 2007 at Chautauqua Institution for the week centered on landscape architecture and community planning.

William G. Lashbrook III

East Brunswick, New York

Lashbrook began his career with the Bank of New York in 1973 and progressed through various management positions in the bank's Commercial Lending and Real Estate divisions before becoming vice president and head of its National Real Estate Lending Division.

In 1993, Lashbrook moved to Midlantic Bank as senior vice president and credit officer for the real estate business and then moved to Pittsburgh as real estate credit officer following PNC's acquisition of Midlantic in 1996. In 1997, he started the residential segment of PNC Real Estate Finance, a unit that focused on national homebuilders and multifamily development financing. Lashbrook assumed his present position in 1998, when acquisitions and other new business initiatives called for developing new tools to manage real estate finance as a business rather than the traditional loan orientation.

Lashbrook is a member of the board of directors of National Multi-Housing Council, the Urban Land Institute, where he chairs one of its Urban Development/Mixed Use Councils, and the Real Estate Roundtable, where he chairs the Basel II working group.

Lashbrook received his BA in economics and political science from Duke University and earned his MBA from Seton Hall University.

Logan McClintic-Smith

Philadelphia, Pennsylvania

McClintic-Smith joined Powers and Company as an architectural historian immediately after graduating from the University of Pennsylvania in 2006 with an MS in historic preservation. Since joining Powers and Company, she has researched and written National Register nominations for districts and individual properties, Federal Historic Preservation Tax Incentive applications, and Historic Resource Survey Forms.

While in school, McClintic-Smith focused her education in the disciplines of architectural history,

preservation planning, and real estate development. Her thesis, "Historic Preservation and Public-Private Partnership," focused on the restoration and reuse of historic public buildings by private developers.

Before completing her master's degree, McClintic-Smith worked at a number of public and private institutions throughout the country, including the New York City Department of Parks and Recreation, the Greenwich Village Society for Historic Preservation, the Denver Art Museum, and Christie's. At the New York City Department of Parks and Recreation, she completed applications to the New York City Landmarks Preservation Commission, and researched and participated in recommendations for and conditions assessments of historic structures owned by the Parks Department. While at the Greenwich Village Society for Historic Preservation, she researched neighborhood, block, and building histories of New York City to determine eligibility for historic districts throughout the city.

McClintic-Smith received a BA cum laude in art history from Davidson College in North Carolina.

Thomas Murphy

Washington, D.C.

Murphy holds the Klibeill Family Chair for Urban Development at the Urban Land Institute. He has spearheaded ULI's Gulf Coast program established in the wake of Hurricane Katrina. Murphy has served on a number of ULI Advisory Panels and is an expert in downtown revitalization, economic development, government operations, and urban visioning.

Before his current position, Murphy was the mayor of Pittsburgh, Pennsylvania. When he first took office in January 1994, Pittsburgh had yet to right itself after wrenching changes in the steel industry that began in the early 1980s. Government finances were in a sorry state, with a \$32 million deficit, and no serious plan existed for an economic turnaround. Younger, college-educated workers were leaving in droves, and older residents were pessimistic about the region's future. Land on both sides of the city's three rivers, the defining

boundary of downtown and the international symbol of the city, was an eyesore. The riverbanks were blighted by the rusting carcasses of abandoned steel mills and businesses that discouraged pedestrian access to the rivers. After Murphy's two terms in office, the Pittsburgh that he inherited is a dim memory. Replacing it today is a high-energy, cosmopolitan city that glows with optimism about its future.

As an economic revitalization visionary, Murphy has directed more than \$4 billion in new investment in the city—from office towers for two of the city's nationally ranked banks to new world-class facilities for the city's professional football and baseball teams to an expanded downtown convention center. City neighborhoods, tarnished from decades of neglect, have been refurbished through the mayor's Neighborhood Needs Program, including improvements to basic infrastructure like streets and sidewalks. Nearly all of the city's 169 neighborhood playgrounds have been renovated to meet or exceed today's most stringent safety standards. That effort recently won Pittsburgh an award from the Consumer Products Safety Commission, the first ever given to a public body.

As a technology booster, Murphy has made Pittsburgh a model for northeastern cities transitioning from heavy industrial-based economies. The city is now experiencing an explosion of new economic ventures with anchors in high technology and Internet-based startup companies. Nationally known e-commerce startups like Freemarkets, technology heavyweights like Seagate, and venture capital investors like Red Leaf have committed to Pittsburgh. Murphy has encouraged government—higher education partnerships with world-class local universities, especially Carnegie Mellon and the University of Pittsburgh.

Before his tenure as mayor, Murphy was a state legislator for 18 years and ran a neighborhood advocacy group.

Ralph L. Núñez

Southfield, Michigan

As design principal of Design Team Limited (Landscape Architects and Planners), Núñez's efforts are focused on the development and implementation of forward-thinking, realistic, and practical action plans. He has a multidisciplinary background and specializes in the fields of land planning, landscape architecture, and land development. Some of his achievements are establishing Design Team Limited in 1984 in Houston, Texas; and successfully designing, planning, and managing multimillion-dollar redevelopment projects.

His responsibilities have encompassed the master planning of residential communities; park and recreation amenities; and commercial, industrial, office campus, and resort developments, ranging from ten to several thousand acres. Within tight time frames and budgets, he has brought complex projects on line for many large, nationally known organizations. He directed multidisciplinary teams in broad-based problem-solving assignments and has had significant personal involvement in the management and administration of large master plans throughout the United States and overseas.

Núñez was appointed by the governor of Michigan as chairman to the State Board of Landscape Architects. He received his BS from Pennsylvania State University in 1976 in landscape architecture and environmental planning.

